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**Marc Racicot
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A black and white photograph of a construction site. A large crane is visible on the left, and a worker is standing on the right. The background shows a large structure under construction.

Treasure State Endowment Program

**2003 Biennium Project Evaluation and Funding
Recommendations
January 2001**

Volume 3

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TREASURE STATE ENDOWMENT PROGRAM

2003 Biennium Project Evaluations and Funding Recommendations

**Montana Department of Commerce
Peter S. Blouke, Ph.D., Director**

January 2001

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TABLE OF CONTENTS

Page No.

Title Page

Table of Contents	1
Alphabetical Index of TSEP Application (Project) Summaries for the 2003 Biennium	3
Part 1 Executive Summary.....	5
Part 2 Actions Taken by TSEP Since the 1999 Legislature	7
Part 3 Key Issues for the 2001 Legislature	11
Part 4 Funds Available to the 2001 Legislature for TSEP Grant Awards	13
▸ Coal Severance Tax Trust Fund Flow Chart	14
▸ Table 1 – 20 Year TSEP Deposits and Interest Earnings	15
Part 5 TSEP Application Evaluation, Ranking and Recommendation Process	
▸ Process MDOC Uses to Recommend TSEP Projects for Funding	17
▸ Step 1 of the Process – Ranking of Seven Statutory Priorities	17
▸ Table 2 – TSEP Applications - Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2003 Biennium	21
▸ Step 2 of the Process – Financial Assistance Analysis	23
▸ Table 3 – TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2003 Biennium.....	25
Part 6 TSEP Application (Project) Summaries for the 2003 Biennium	
Index of Applicants and Projects	27
Glossary of Acronyms Used in the TSEP Application (Project) Summaries	29
Project #1 Lewis and Clark County.....	31
Project #2 Alder Water and Sewer District, Madison County	37
Project #3 Hot Springs, Town of	43
Project #4 Whitewater Water and Sewer District, Phillips County.....	49
Project #5 Virginia City, Town of.....	55
Project #6 Froid, Town of.....	61
Project #7 Nashua, Town of.....	67
Project #8 Richland County	73
Project #9 Lavina, Town of	79
Project #10 Gardiner-Park County Water District, Park County	85
Project #11 Park City/County Water and Sewer District, Stillwater County.....	91
Project #12 Stanford, Town of.....	97
Project #13 Florence County Water and Sewer District, Ravalli County	103
Project #14 Ashland County Water and Sewer District, Rosebud County.....	107
Project #15 Geraldine, Town of	113
Project #16 Manhattan, Town of.....	119

Project #17	Lambert County Water and Sewer District, Richland County	125
Project #18	Browning, Town of	131
Project #19	Kevin, Town of	139
Project #20	Power-Teton Co. Water and Sewer District, Teton County	143
Project #21	Blackfeet Tribe	149
Project #22	Whitefish, City of	157
Project #23	Choteau, City of	161
Project #24	Lockwood Water and Sewer District, Yellowstone County	165
Project #25	Eureka, Town of	171
Project #26	Shelby, City of.....	175
Project #27	Charlo Sewer District, Lake County.....	181
Project #28	Essex Water and Sewer District, Flathead County	187
Project #29	Helena, City of.....	193
Project #30	Hinsdale Water and Sewer District, Valley County	197
Project #31	Havre, City of.....	203
Project #32	Fairfield, Town of.....	209
Project #33	Yellowstone County	213
Project #34	Jordan, Town of.....	219
Project #35	Cascade County	225
Project #36	Butte–Silver Bow County.....	231
Project #37	Kalispell, City of.....	237
Project #38	Polson, City of	243

Appendices

A.	TSEP Enabling Statute	249
B.	Seven TSEP Statutory Priorities and Scoring Criteria.....	253
C.	Status of TSEP Projects Approved by Previous Legislatures	267

Tables

1.	20 Year TSEP Deposits and Interest Earnings	15
2.	TSEP Applications – Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2003 Biennium	21
3.	TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2003 Biennium	25

ALPHABETICAL INDEX FOR TSEP APPLICATION (PROJECT) SUMMARIES FOR THE 2003 BIENNIUM

<u>Name of Applicant</u>	<u>Project Ranking</u>	<u>Page No.</u>
Alder Water and Sewer District, Madison County	Project # 2	37
Ashland County Water and Sewer District, Rosebud County	Project # 14	107
Blackfeet Tribe	Project # 21	149
Browning, Town of	Project # 18	131
Butte-Silver Bow County	Project # 36	231
Cascade County	Project # 35	225
Charlo Sewer District, Lake County	Project # 27	181
Choteau, City of	Project # 23	161
Essex Water and Sewer District, Flathead County	Project # 28	187
Eureka, Town of	Project # 25	171
Fairfield, Town of	Project # 32	209
Florence County Water and Sewer District, Ravalli County ...	Project # 13	103
Froid, Town of	Project # 6	61
Gardiner-Park County Water District, Park County	Project # 10	85
Geraldine, Town of	Project # 15	113
Havre, City of	Project # 31	203
Helena, City of	Project # 29	193
Hinsdale Water and Sewer District, Valley County	Project # 30	197
Hot Springs, Town of	Project # 3	43
Jordan, Town of	Project # 34	219
Kalispell, City of	Project # 37	237
Kevin, Town of	Project # 19	139
Lambert County Water and Sewer District, Richland County	Project # 17	125
Lavina, Town of	Project # 9	79
Lewis and Clark County	Project # 1	31
Lockwood Water and Sewer District, Yellowstone County	Project # 24	165
Manhattan, Town of	Project # 16	119
Nashua, Town of	Project # 7	67
Park City/County Water & Sewer District, Stillwater County ..	Project # 11	91
Polson, City of	Project # 38	243
Power-Teton Co. Water and Sewer District, Teton County	Project # 20	143
Richland County	Project # 8	73
Shelby, City of	Project # 26	175
Stanford, Town of	Project # 12	97
Virginia City, Town of	Project # 5	55
Whitefish, City of	Project # 22	157
Whitewater Water and Sewer District, Phillips County	Project # 4	49
Yellowstone County	Project # 33	213

PART 1

EXECUTIVE SUMMARY

1. For the 2003 biennium, 43 applications were submitted to the Treasure State Endowment Program (TSEP). Four of the applications came from communities that were funded by the legislative special session held in May 2000, which took place after the deadline for submitting TSEP applications. Upon notification that TSEP funds were committed to their projects, the four communities withdrew their applications. A fifth community, the Town of Cascade, withdrew its application during the ranking process because it was alternatively funded through the Community Development Block Grant (CDBG) program in August 2000.

The remaining 38 applications that were evaluated and are presented in this report have requested \$16,771,278 in TSEP grant funds. In addition to Cascade County's grant request, the county has requested \$211,000 in TSEP loan funds to provide the match to its TSEP grant request. See Part 6 for a description, evaluation and recommendation for each application.

2. Based on revenue projections from the Governor's Office of Budget and Program Planning, it has been estimated that TSEP will have \$14,078,736 in endowment interest earnings available for TSEP grant awards for the 2003 biennium. This is a net figure, after deducting administrative expenses and \$425,000 for preliminary engineering grants. See Part 4 for more information on the amount of funds that will be available.
3. Based on \$14,078,736 being available for grants, 31 projects have been recommended for funding that is guaranteed as long as applicants have met all start-up requirements before the end of the 2003 biennium. Three additional projects are recommended for funding contingent upon TSEP funds being available. See Tables 2 and 3 in Part 5 for more information on the rank order of projects and the amounts recommended.
4. The review and ranking of TSEP applications is a two step process. First, the Department of Commerce (MDOC) is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the form and amount of financial assistance for each project. The Governor reviews the department's recommendations and submits his recommendations to the legislature. The legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.
5. MDOC research findings indicate that the principal reason why so many local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of households and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.

Since the inception of the program, almost all TSEP applications have been for matching grants. Even when local governments have asked for or been awarded TSEP loans, the loans have never been utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs with better rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. The TSEP staff may recommend loans when the recommendation for grant funds is reduced or not recommended at all, there is no loan program already involved in the project, and the project is technically and financially feasible. Under policies previously established by the state, any loans requested from, or recommended by, TSEP would be administered by DNRC to avoid establishing a duplicative state loan program.

6. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable "maximum local financial effort." In particular, the department had to find a way to estimate whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, yet ensuring "maximum local financial effort" on behalf of the applicant.

In order to objectively analyze applications for funding, the department has attempted to estimate what is a reasonable level of affordability and has established "target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the financial analysis.

7. Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts.
8. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.
9. Eligible TSEP applicants may submit one application for up to \$500,000 for a TSEP grant to assist with funding a construction project. Eligible TSEP applicants may also apply for construction loans or for loans for the preparation of preliminary engineering studies.
10. The 1999 Legislature, during the special session in May 2000, amended the TSEP statute that resulted in a statutory appropriation of \$425,000 in each biennium to be used by the department to provide grants to local governments for preliminary engineering studies. These grants will start becoming available after July 2001. The department will begin the rule making early in 2001 in order to adopt guidelines related to the provision of these grants.
11. TSEP was authorized by Montana voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA, as amended by the 1999 Legislature. See Appendix A for the complete text of the statute.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 1999 LEGISLATURE

Improvements to the Application Ranking Process

Scoring Levels Pre-Defined – Over the past few years, the TSEP staff has attempted to further improve the objectivity of the scoring and ranking procedures. In our continuing effort to improve the procedures, the scoring levels for each statutory priority have been pre-defined. This improvement allows applicants' responses to each of the statutory priorities to be compared to pre-established scoring level definitions instead of comparing one applicant's response to another applicant's response and attempting to judge which response is better.

As part of the process to pre-define the scoring levels, the department contracted with private sector engineering firms to develop scoring level definitions for statutory priority one, which relates to whether there is a serious and urgent health or safety threat and whether local governments meet state or federal health or safety standards. The general methodology that the engineers developed is applicable to any of the eligible types of TSEP projects. In addition to the general definitions, very specific information about the scoring level definitions, along with examples, was developed for each type of eligible TSEP project. Once the scoring level definitions were initially developed, they were reviewed by the Montana Departments of Environmental Quality (DEQ) and Transportation (MDT). These pre-defined scoring levels have been further tested and refined during the department's scoring of CDBG and TSEP applications. See Appendix B for the actual scoring level definitions.

As a result of this undertaking to pre-define scoring levels, TSEP applicants are able to determine in advance approximately what score they are likely to receive on any particular statutory priority, with the exception of the second priority which is based on a financial need analysis.

Improvements to the Engineering Review Process – In addition to defining the scoring levels, the department has made other changes in an attempt to improve the ranking process. For instance, applicants are now allowed to review and comment on the first draft engineering review report related to statutory priorities one and three. This analysis is produced by private sector engineers that the department contracts with, prior to the TSEP ranking team meeting to score these two statutory priorities. While applicants are not allowed to introduce any new information that was not included in the application, they can point out information that was possibly missed during the evaluation or clarify information that was apparently interpreted incorrectly.

The department contracted with a total of seven engineering firms for this application cycle. Each firm that submitted a response to the department's request for proposal was retained. The department felt that the increased number of engineering firms would lessen the weight of the opinion and potential bias of any one firm, and thereby increase the department's confidence that the team was impartially scoring statutory priorities one and three. In another change, the department assigned a limited number of applications to be reviewed by a second engineering firm for quality control purposes. The department feels that the combination of these changes has further improved the consistency and objectivity of the process, and in general, has made the process even more fair.

Completion of a New Publication

The department prepared a new technical assistance manual to assist local governments called *Building It Right*. The manual provides local governments with step by step information about the process of Governor's Budget

bidding a project and managing the actual project construction. The department retained Morrison-Maierle, Inc., an engineering firm with extensive experience in Montana, to write the manual.

Changes and Additions to the TSEP Application Guidelines

The department proposed and adopted several changes and additions in the *2000-2001 TSEP Application Guidelines*. The majority of the changes related to the legislature's amendments to the TSEP statute during the 1999 session. New evaluation criteria were developed for each of the seven statutory priorities. Another major change consisted of adding to the list of what constitutes a "match" to the TSEP funds. Matching funds now also include:

1. funds expended after the TSEP application deadline, but before approval by the legislature, for project management, final engineering design, and other reasonable expenses necessary to prepare the project for the construction phase,
2. the value of land or materials provided by the applicant, if appraised within a two-year period preceding the application deadline,
3. the value of labor performed by the applicant's employees on the proposed project, and
4. the value of machinery used in the process of constructing the project that is owned (or leased) and operated by the applicant.

Impact of HB 260

The 1999 Legislature passed HB 260, which in addition to several other things, would have resulted in ten additional TSEP projects being funded beyond the original 22 projects proposed for funding at the beginning of the session through HB 11. However, as a result of HB 260 being declared unconstitutional by the Montana Supreme Court, seven of those projects were no longer going to be funded by TSEP and the remaining three projects were to be funded only if there were funds available at the end of the 2001 biennium.

The special session in May 2000, provided an additional \$3,000,000 in general funds through HB 1, that was added to the TSEP funds provided through HB 11, in order to fund the ten additional projects. The last four of the ten projects are to be funded only if there are sufficient funds available at the end of the 2001 biennium.

However, based on projections provided by the Governor's Office of Budget and Program Planning in October 2000, there is anticipated to be a shortfall from the original projections of the TSEP revenues in the current biennium. If this becomes a reality, TSEP would not be able to fully fund all ten of the additional projects.

Assuming that all of the 32 projects authorized for funding have met the start-up requirements before the end of the 2001 biennium, TSEP would likely have obligated all of the appropriated funds and not be able to fund the last three contingently authorized projects:

- ☐ City of Harlem – water project authorized \$179,311. The city would be required to find alternative funding sources, re-apply for TSEP funding in the next funding cycle, or cancel their project.
- ☐ Midvale Water and Sewer District – water project authorized \$374,720. Currently, the U.S. Department of Agriculture, Rural Development (RD), Rural Utilities Service is the other source of

funding for this project. RD has already obligated a loan in order to purchase the existing private system and make improvements. If TSEP funds do not become available, the scope of the project would be reduced and only critical improvements would be made to the system.

- City of Shelby – water project authorized \$400,000. This was the last project authorized on the 2001 biennium funding list, and as a result, they submitted an application for funding through the 2003 biennium in case funding does not become available through the 2001 biennium. The City of Shelby was ranked 26th in the current competition, and if approved by this legislature they would be guaranteed funding through the 2003 biennium authorized funding.

In addition, there would potentially be a shortfall of approximately \$8,300 that would be needed to fully fund the Elk Meadows Water and Sewer District water project, which was contingently authorized to receive \$210,000. Any shortfall for this project would need to be funded through another source.

Status of Previously Approved TSEP Projects

A summary of the projects approved by the previous legislatures is presented in Appendix C. Each project summary includes an up-to-date picture of the actual project costs, sources of funding, and current status.

PART 3

KEY ISSUES FOR THE 2001 LEGISLATURE

TSEP Related Bills Submitted to the Legislature

HB 11 – In addition to authorizing funding to projects from the treasure state endowment fund, HB 11 would also appropriate \$3,000,000 from the treasure state endowment regional water system fund created by the 1999 Legislature to finance the state's share of authorized regional water system projects. It would authorize funds for the Dry Prairie Rural Water Authority and the North Central Montana Regional Water Authority if either requires state matching funds to proceed with their projects. The Dry Prairie Rural Water Authority has received authorization from the federal government to proceed with the Fort Peck/Dry Prairie Rural Water System, and was appropriated \$425,000 in the 2001 federal budget in order to conduct an environmental assessment and perform other engineering work. The department would only disburse funds on a reimbursement basis as the regional water authority incurs eligible project expenses. The regional water authority must document that local matching funds are committed in equal proportion to the department's disbursement.

LC 0228 – This bill would amend 17-5-703, MCA to make permanent the treasure state endowment regional water system fund. The statute already provides that coal severance tax deposits into the fund will end on June 30, 2013. However, the statute also provides that the fund itself will end on June 30, 2013. The termination date creates a problem since the two projects already recognized for funding will each take approximately ten years to construct, once they are authorized by the federal government, which will be well beyond 2013. As a result, the treasure state endowment regional water system fund needs to continue in order to provide the state's share needed to fund these projects. In addition, it is possible that other regional water systems might be proposed in the future that the legislature would also be interested in funding. By making the fund permanent, the mechanism to fund other potential projects would be in place.

LC 0377 – At the request of the Drought Task Force chaired by Lt. Governor Martz, the department drafted LC0377. This bill would appropriate \$250,000 each biennium from the treasure state endowment special revenue account to the Department of Commerce to be used for emergency grants to local governments for infrastructure projects that are required to remedy threats to the local health or safety. These emergency grants would only be provided to local governments when it is necessary to remedy conditions that if allowed to continue until legislative approval could be obtained would endanger the public health or safety of the residents in the community and expose the applicant to substantial financial risk.

Situations that would warrant an emergency grant might include a lagoon dike that has failed leaving the town with no place to store wastewater that must still be treated before it is discharged. Another situation might be when the town's only well stops producing and a new well needs to be drilled in order to provide drinking water.

Projects requiring an emergency grant would be limited in scope. Emergency grants would not be provided for more comprehensive type projects that are usually submitted to TSEP and that go through the legislative process. Emergency grants would likely be limited to quick repairs as compared to replacement of facilities. Emergency grants would not be provided if the implementation of reasonable management practices could forestall the risks to health or safety until legislative approval could be obtained. An example of this would be if a bridge collapsed, but traffic could be re-routed without an excessive and lengthy detour.

The amount of the grant would also be limited and local governments would be expected to provide the maximum amount of local funds short of incurring substantial financial risk by depleting all of their own capital. Based upon the experience of the Department of Natural Resource and Conservation (DNRC), with the limited emergency funds that have been available to them, emergency grants typically do not exceed approximately \$30,000. DNRC has had \$125,000 available for emergency grants each biennium, however this amount does not always provide a sufficient amount needed to meet all of the emergencies that arise. As of November 2000, they only have \$4,000 remaining. Even though they have been very conservative with the awarding of emergency grants, they typically utilize all of the emergency funds each biennium.

Funds set aside for emergency grants would not be carried over into another biennium unless the funds had already been obligated to a local government. In other words, a maximum of \$250,000 would be available each new biennium. The bill provides that the Department of Commerce would inform the governor and the legislative finance committee of any emergency grants awarded during a biennium.

The bill would also clarify language added by the 1999 Legislature's special session that met in May 2000. It would make clear that grants for engineering work are for "local governments" as defined in 90-6-701(3)(b) and for "infrastructure projects" as defined in 90-6-701(3)(a). It also makes clear that these grants are for "preliminary" engineering work as compared to final design, which is accomplished after a local government has obtained all of its funding and is preparing to construct the project. In addition, the bill provides that the department would inform the governor and the legislative finance committee of any preliminary engineering grants awarded during a biennium.

Referral of Current TSEP Projects for Consideration of Continued Funding

As a standard policy, the department refers previously approved projects back to the legislature for its consideration of whether to continue funding the project if:

1. the project has not commenced or completed its project in a timely manner, or
2. the local government requests a modification that significantly affects the scope of work or budget that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the Governor and legislature.

No such projects have been listed here since this report is produced well in advance of the legislature meeting. As a result, the department will provide a list of any projects that are to be referred back to the legislature to the Joint Long-Range Planning Subcommittee for that committee's consideration. The department will also include its recommendations for either the continued funding or termination of funding for the projects referred.

PART 4

FUNDS AVAILABLE TO THE 2001 LEGISLATURE FOR TSEP GRANT AWARDS

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "fund"), established within the permanent coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the legislature."

On July 1, 1993, \$10 million was transferred from the trust to the fund, and 50 percent of the coal severance taxes started transferring from the trust to the fund for a 20-year period. In 1999, the legislature increased the percent of the coal severance taxes earmarked for the fund from 50 percent to 75 percent. The flow chart on the next page illustrates the mechanics of the flow of funds into the permanent coal severance tax trust fund and the treasure state endowment fund. Revenues for TSEP grants are generated by interest earnings on the principal of the fund. Only the interest earnings on the fund may be spent for TSEP grants and program administration.

There were 38 TSEP applications submitted by local governments to the department, requesting \$16,771,278 in TSEP funds from the 2003 biennium. Based on revenue projections provided by the Governor's Office of Budget and Program Planning in October 2000, it has been projected that TSEP will have \$14,078,736 (after subtracting \$739,264 for administrative expenses and \$425,000 for preliminary engineering grants) for matching construction grants during the 2003 biennium. This figure is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the fund earns.

Table 1 on page 15 shows the actual and projected deposits into the treasure state endowment fund, along with the interest earnings, from FY 1994 to FY 2014. The projections are only rough estimates because of the difficulty of projecting interest rates, coal production, and program operating expenses so far into the future. The projections assume \$12 million in annual deposits (based on the fund receiving 75 percent of the coal severance taxes) and a 7.25 percent interest earning rate.

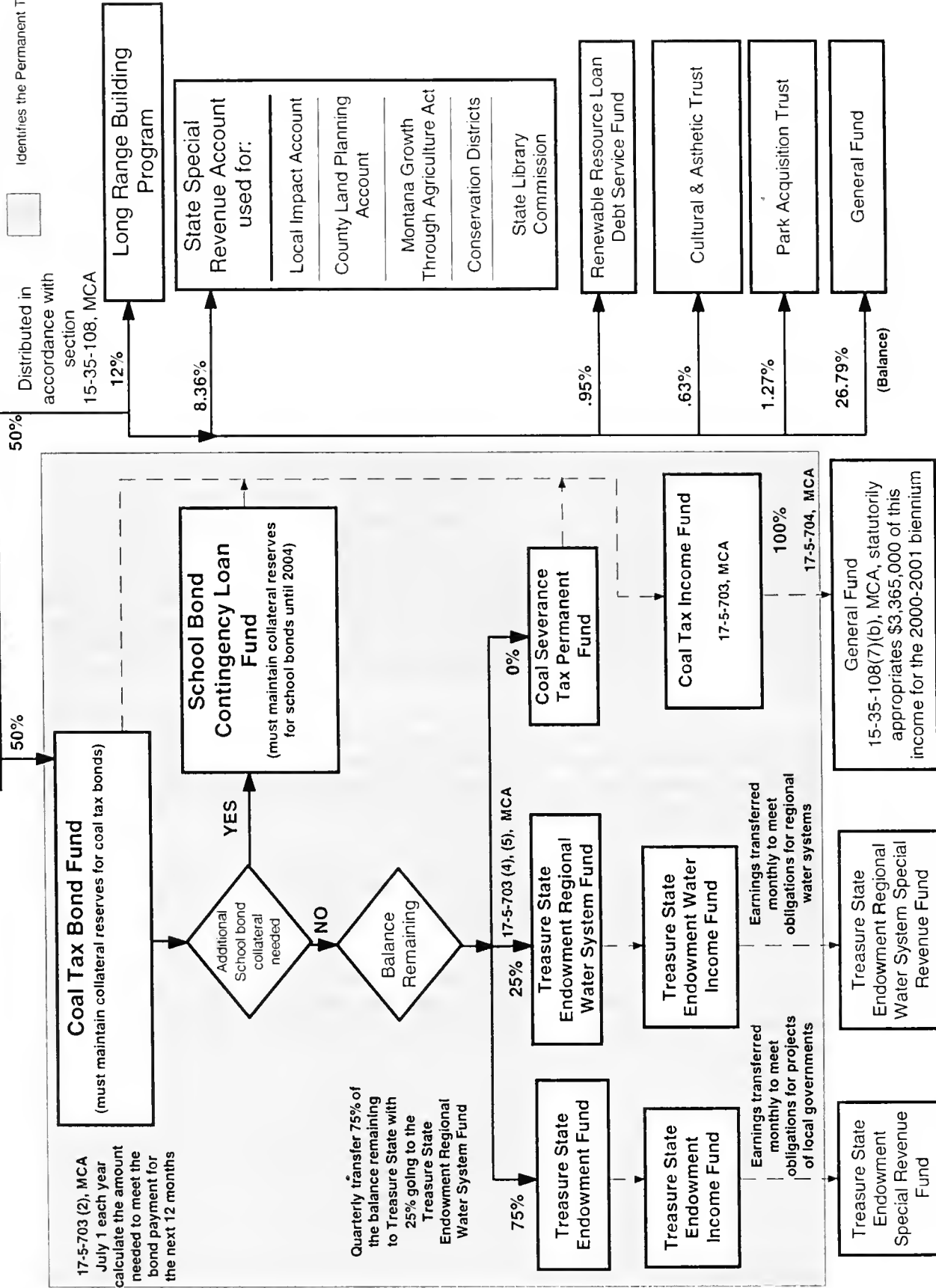
Based on these assumptions, interest earnings will grow by approximately \$3,480,000 each biennium. It is estimated that by fiscal year 2014, principal in the fund will reach almost \$233 million, with interest earnings of approximately \$33 million each biennium.

TSEP loans would be funded from proceeds of coal severance tax bonds rather than interest earnings on the principal of the fund. The coal severance tax bonds would be sold by the state, which would be repaid by the loan payments made by local government loan recipients. However, no loans have been issued through TSEP to date.

Coal Severance Tax

Distribution effective 7-1-2000

— Tax Revenue flow
 - - - Investment Income flow
 Identifies the Permanent Trust



COAL TAX REVENUE DEPOSITS FOR LOCAL INFRASTRUCTURE ASSISTANCE

TREASURE STATE ENDOWMENT PROGRAM (TSEP)

Operating Year	Annual Deposits to TSEP Fund Principal	Cumulative TSEP Principal	Annual Interest Available for Distribution	Cumulative Interest Earnings
	\$10,000,000			
1 FY '94	\$9,809,476	\$19,809,476	\$928,696	\$928,696
2 FY '95	\$9,910,610	\$29,720,086	\$1,810,151	\$2,738,847
3 FY '96	\$8,787,910	\$38,507,996	\$2,916,499	\$5,655,346
4 FY '97	\$9,151,139	\$47,659,135	\$3,453,907	\$9,109,253
5 FY '98	\$8,720,156	\$56,379,291	\$4,250,377	\$13,359,630
6 FY '99	\$8,361,643	\$64,740,934	\$4,772,585	\$18,132,215
7 FY '00	\$12,189,836	\$76,930,770	\$5,123,375	\$23,255,590
8 FY '01	\$12,000,000	\$88,930,770	\$6,121,231	\$29,376,820
9 FY '02	\$12,000,000	\$100,930,770	\$6,991,231	\$36,368,051
10 FY '03	\$12,000,000	\$112,930,770	\$7,861,231	\$44,229,282
11 FY '04	\$12,000,000	\$124,930,770	\$8,731,231	\$52,960,513
12 FY '05	\$12,000,000	\$136,930,770	\$9,601,231	\$62,561,744
13 FY '06	\$12,000,000	\$148,930,770	\$10,471,231	\$73,032,974
14 FY '07	\$12,000,000	\$160,930,770	\$11,341,231	\$84,374,205
15 FY '08	\$12,000,000	\$172,930,770	\$12,211,231	\$96,585,436
16 FY '09	\$12,000,000	\$184,930,770	\$13,081,231	\$109,666,667
17 FY '10	\$12,000,000	\$196,930,770	\$13,951,231	\$123,617,898
18 FY '11	\$12,000,000	\$208,930,770	\$14,821,231	\$138,439,128
19 FY '12	\$12,000,000	\$220,930,770	\$15,691,231	\$154,130,359
20 FY '13	\$12,000,000	\$232,930,770	\$16,561,231	\$170,691,590
21 FY '14	\$0	\$232,930,770	\$16,561,231	\$187,252,821

Interest projected at 7.25% earning rate.

Prepared by Melanie Strandberg
Dept. of Commerce/Mgmt. Services Div.
Updated 11-16-00

PART 5

TSEP APPLICATION EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;
2. The statute also requires the department to recommend the form and amount of the TSEP financing. Applicants with water, wastewater and solid waste projects that are not proposing to have user rates at or above the applicant's target rate are not recommended for grant awards, but may be recommended for loan funds if a loan source has not already been identified; and
3. Projects that appear to have major financial or technical feasibility problems are not recommended for funding at this time.

Step One of the Process – Ranking of Projects Based on the Seven Statutory Priorities

Based on 90-6-710 (2), MCA, and under the precedents established in the last four funding cycles by the department, the Governor, and the legislature, the department uses a two-step process to develop the recommendations provided to the Governor and the legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The criteria by which TSEP applications are evaluated and scored are found in Appendix B. The department's ranking results are summarized in Table 2 – "TSEP Applications – Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2003 Biennium" on page 21. Details on how each application was scored are found in the Part 6, in the individual reports for each project.

The TSEP applications were analyzed by the department's staff and consulting engineers. The department contracted with seven engineering firms to review and analyze each of the preliminary engineering reports submitted with the applications. Upon finishing their review, all of the engineers met as a group, along with the department's TSEP ranking team, to score the first and third statutory priorities for each application. A consensus approach was used by the team to assure consistency and fairness in applying the scoring criteria. The department's TSEP ranking team scored the remainder of the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;
2. Reflect greater need for financial assistance than other projects;
3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
4. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

5. Enable local governments to obtain funds from sources other than TSEP;
6. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or maintain or do not discourage expansion of the tax base, and
7. Are high local priorities and have strong community support.

In order to score each project on Statutory Priority #2 (Financial Need), MDOC analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis – This indicator provides a comparative measure of the ability to pay for infrastructure and public services. It consists of ranking each applicant in relation to the community's "Median Household Income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "Low to Moderate Income" (LMI), and the percent of persons at or below the level designated as "Poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and Poverty - provide a means of identifying concentrations of population which have relatively less ability to pay for public services.

Indicator 2. Financial Analysis – The analysis for the second indicator is different depending on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, or solid waste projects, the analysis is based on "Target Rate Analysis." It is used by MDOC to help determine the amount of grant funds a community needs to ensure that the combined monthly water and wastewater user rates will be reasonably affordable for its citizens. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community. This approach has been used by the U.S. Department of Agriculture's Rural Development/Rural Utilities Service program and the department's Community Development Block Grant program for many years.

Target user rates were determined by surveying the average, monthly water and wastewater rates currently paid by Montana communities, which had recently improved their water or sewer systems and the percentage of their combined rates as a ratio of their MHI. The analysis looks at the combined rates for water and wastewater systems whenever communities have both systems, to ensure that the low rates for an applicant's wastewater system do not ignore the high rates that are charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance. A community's target rate was computed by multiplying the community's MHI by the combined target percentage of 2.2 percent (1.4 percent for water systems and .8 percent for wastewater systems). For communities with a water or wastewater system, but not the other, only the target percentage for the single system was used.

Bridge Projects

The financial analysis of the bridge project applications submitted, which are funded through general taxes, were analyzed in a different manner from the water, wastewater, and solid waste projects, which are enterprise systems and typically financed through user fees. Instead, the analysis for the bridge projects looked at the efforts by applicants to finance their bridge systems and their ability to fund their projects without TSEP assistance. The financial analysis for bridge applicants is primarily based on two indicators, along with

some additional information from the county, to provide a more complete picture of how it is funding its bridge system.

The first indicator measures the residential property tax burden as a percentage of the county's MHI. This is accomplished by evaluating the residential portion of both the property tax levy for bridges and total mill levy, as a percentage of MHI. The purpose of this indicator is to measure the property tax burden on residential taxpayers relative to other counties, and more specifically, the residential property tax burden related to taxes being levied for bridges. By looking at what counties were levying for bridges in 1999, MDOC determined that the median county property tax levy for bridges statewide is .04 percent of a county's MHI. The median is computed using only those counties that use some local property tax revenues to fund their bridge systems. For counties with an all-purpose levy, the analysis used that portion of the levy that is used for its bridge system. In order for a county to be competitive in the financial analysis, it should currently levy for bridges an amount equal to or greater than .04 percent of a county's MHI. The state median in 1999 for the total residential property tax burden is 2.93 percent of a county's MHI. Counties that are levying an amount equal to or greater than the state median were also more competitive in the financial analysis.

The second indicator measures the effects of changes in the applicant's ability to levy taxes. This is accomplished by evaluating changes in mill value, number of bridge mills levied, and the actual bridge levy. In general, in order for a county to be competitive in the financial analysis, it should be levying for bridges, an amount equal to or greater than what was being levied in 1986 (the year that the taxation restrictions imposed by Initiative 105 took effect). However, if a county is levying less than it was in 1986, MDOC took into account decreases in the county's mill value and whether the number of bridge mills were increased in an attempt to maintain the bridge levy at a level similar to 1986.

Final Competitive Ranking Score on Statutory Priority #2 – The results from Indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on Statutory Priority #2.

TABLE 2

TSEP APPLICATIONS - SCORES ON THE SEVEN STATUTORY PRIORITIES AND FINAL RANKING RECOMMENDATIONS FOR THE 2003 BIENNIUM

APPLICANT	Statutory Priority #1: Solves Urgent Health/Safety Problems or Meets Health/Safety Standards	Statutory Priority #2: Financial Need	Statutory Priority #3: Technical Design	Statutory Priority #4: Planning and Management of Facility	Statutory Priority #5: Funds From Other Sources	Statutory Priority #6: Jobs or Business Expansion or Tax Base	Statutory Priority #7: Public Support	R a n k i n g	Total Points Possible 4,900
	Levels: 5=1000 4 = 800 3 = 600 2 = 400 1 = 200	Maximum Points Possible 900	Levels: 5 = 800 4 = 640 3 = 480 2 = 320 1 = 160	Levels: 5 = 700 4 = 560 3 = 420 2 = 280 1 = 140	Levels: 5 = 600 4 = 480 3 = 360 2 = 240 1 = 120	Levels: 5 = 500 4 = 400 3 = 300 2 = 200 1 = 100	Levels: 5 = 400 4 = 320 3 = 240 2 = 160 1 = 80		
Lewis & Clark County (B)	4= 800	756	5= 800	5= 700	5= 600	3= 300	5= 400	1	4,356
Alder (WW)	5= 1,000	828	5= 800	3= 420	4= 480	4= 400	5= 400	2	4,328
Hot Springs (W)	4= 800	900	4= 640	4= 560	5= 600	3= 300	5= 400	3	4,200
Whitewater (WW)	5= 1,000	756	4= 640	4= 560	5= 600	2= 200	5= 400	4	4,156
Virginia City (WW)	4= 800	432	5= 800	5= 700	5= 600	4= 400	5= 400	5	4,132
Froid (WW)	4= 800	828	2= 320	5= 700	5= 600	3= 300	5= 400	6	3,948
Nashua (WW)	4= 800	720	5= 800	3= 420	5= 600	2= 200	5= 400	7	3,940
Richland County (B)	3= 600	756	4= 640	5= 700	5= 600	3= 300	4= 320	8	3,916
Lavina (WW)	4= 800	720	4= 640	4= 560	4= 480	2= 200	5= 400	9	3,800
Gardiner (W)	3= 600	432	5= 800	5= 700	5= 600	3= 300	4= 320	10	3,752
Park City (WW)	4= 800	648	5= 800	3= 420	4= 480	2= 200	5= 400	11	3,748
Stanford (WW)	3= 600	540	5= 800	4= 560	5= 600	2= 200	5= 400	12	3,700
Florence (WW)	4= 800	756	4= 640	3= 420	4= 480	2= 200	5= 400	13	3,696
Ashland (WW)	4= 800	792	3= 480	3= 420	4= 480	4= 400	4= 320	14	3,692
Geraldine (W)	3= 600	648	4= 640	4= 560	5= 600	2= 200	5= 400	15	3,648
Manhattan (WW)	4= 800	432	3= 480	4= 560	4= 480	4= 400	5= 400	16	3,552
Lambert (W)	5= 1,000	432	3= 480	3= 420	5= 600	2= 200	5= 400	17	3,532
Browning (W)	5= 1,000	900	2= 320	3= 420	2= 240	4= 400	2= 160	18	3,440
Kevin (WW)	3= 600	612	4= 640	3= 420	5= 600	2= 200	4= 320	19	3,392
Power (W)	4= 800	432	4= 640	4= 560	3= 360	2= 200	5= 400	20	3,392

KEY: B = BRIDGE
SD = STORM DRAIN
W = WATER
WW = WASTEWATER

TABLE 2

TSEP APPLICATIONS - SCORES ON THE SEVEN STATUTORY PRIORITIES AND FINAL RANKING RECOMMENDATIONS FOR THE 2003 BIENNIUM

APPLICANT	Statutory Priority #1: Solves Urgent Health/Safety Problems or Meets Health/Safety Standards	Statutory Priority #2: Financial Need	Statutory Priority #3: Technical Design	Statutory Priority #4: Planning and Management of Facility	Statutory Priority #5: Funds From Other Sources	Statutory Priority #6: Jobs or Business Expansion or Tax Base	Statutory Priority #7: Public Support	R a n k i n g	Total Points Possible 4,900
	Levels: 5=1000 4 = 800 3 = 600 2 = 400 1 = 200	Maximum Points Possible 900	Levels: 5 = 800 4 = 640 3 = 480 2 = 320 1 = 160	Levels: 5 = 700 4 = 560 3 = 420 2 = 280 1 = 140	Levels: 5 = 600 4 = 480 3 = 360 2 = 240 1 = 120	Levels: 5 = 500 4 = 400 3 = 300 2 = 200 1 = 100	Levels: 5 = 400 4 = 320 3 = 240 2 = 160 1 = 80		
Blackfeet Tribe (W)	5= 1,000	792	2= 320	3= 420	2= 240	4= 400	2= 160	21	3,332
Whitefish (WW)	2= 400	432	5= 800	4= 560	5= 600	2= 200	4= 320	22	3,312
Choteau (WW)	4= 800	432	4= 640	3= 420	3= 360	2= 200	5= 400	24	3,252
Lockwood (WW)	5= 1,000	432	3= 480	3= 420	4= 480	2= 200	2= 160	23	3,172
Eureka (W)	5= 1,000	540	3= 480	3= 420	2= 240	2= 200	3= 240	25	3,120
Shelby (W)	3= 600	432	2= 320	4= 560	4= 480	3= 300	5= 400	26	3,092
Charlo (WW)	3= 600	432	4= 640	3= 420	3= 360	3= 300	4= 320	27	3,072
Essex (W)	4= 800	612	3= 480	3= 420	2= 240	3= 300	2= 160	28	3,012
Helena (SD)	2= 400	432	4= 640	4= 560	4= 480	2= 200	3= 240	29	2,952
Hinsdale (WW)	3= 600	432	2= 320	3= 420	4= 480	2= 200	5= 400	30	2,852
Havre (W)	1= 200	432	3= 480	5= 700	4= 480	2= 200	4= 320	31	2,812
Fairfield (WW)	2= 400	540	3= 480	4= 560	3= 360	2= 200	3= 240	32	2,780
Yellowstone County (B)	2= 400	432	2= 320	4= 560	4= 480	3= 300	3= 240	33	2,732
Jordan (W/WW)	3= 600	504	2= 320	3= 420	3= 360	2= 200	4= 320	34	2,724
Cascade County (B)	3= 600	540	3= 480	3= 420	3= 360	2= 200	1= 80	35	2,680
Butte (W)	2= 400	648	2= 320	3= 420	3= 360	2= 200	3= 240	36	2,588
Kalispell (W/WW)	1= 200	252	2= 320	4= 560	2= 240	4= 400	2= 160	37	2,132
Polson (W)	1= 200	612	1= 160	4= 560	1= 120	3= 300	1= 80	38	2,032

KEY: B = BRIDGE

W = WATER

SD = STORM DRAIN

WW = WASTEWATER

Step Two of the Process – Financial Assistance Analysis

The second step of the process requires the department to make recommendations on the form and amount of financing. The department's ranking results and recommendations on the amount of grant funding for each application is summarized in Table 3 – "Financial Assistance Analysis/Grant Award Recommendations for the 2003 Biennium" on page 25. Details on the basis for the department's recommendation concerning the form and amount of funding for each application are found in the individual reports for each project in Part 6.

In order to make the recommendation, the department conducted a financial analysis to ensure that applicants are providing a reasonable amount of local funds towards the project. The type of financial analysis used depended on the type of project.

Water, Wastewater, or Solid Waste Projects

The financial analysis used to analyze water, wastewater and solid waste projects, determines whether the applicant would be at or above its target rate, and if not, whether it has additional debt capacity, and therefore, has the ability to borrow additional funds for the project in place of TSEP grant funds. The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. It is important to note that during the 1999 Legislature, the Long-Range Planning Subcommittee established that TSEP grants should only be approved for water, wastewater and solid waste projects where the applicant has proposed to have user rates at or above the applicant's target rate.

In conducting the financial analysis, MDOC used only 90 percent of the target rate as the basis for comparison against actual rates. This provides local governments with a "margin" or "cushion," which can be used to meet emergencies or other facility needs that may be unknown at this time. If the applicant's actual combined water and wastewater rates, or solid waste rate, after implementation of the TSEP project, would be less than the target rate, then the amount of debt that can reasonably be assumed by the applicant was subtracted from the grant request to determine the recommended grant award. If the applicant would have adequate debt capacity to assume a loan in place of the requested TSEP grant and still have user rates below the applicant's target rate, MDOC did not recommend awarding any grant funds.

Bridge Projects

The financial analysis used in the analysis of bridge projects, is primarily based on two indicators. The first indicator measures the residential property tax burden as a percentage of the county's MHI. The second indicator measures the effects of changes in the applicant's ability to levy property taxes. In order for an applicant to receive a recommendation by MDOC for full funding under the financial analysis, a county should be:

1. currently levying for bridges an amount equal to or greater than .04 percent of a county's MHI. However, if a county is levying an amount less than .04 percent of a county's MHI, MDOC took into consideration a county's non-property tax revenues that it is using to fund its bridge system. For counties that use an all purpose levy, the financial analysis used that portion of the levy that is used for its bridge system; and
2. levying an amount equal to or greater than what was being levied in 1986 for bridges (the year that the taxation restrictions imposed by Initiative 105 took effect). However, if a county is levying less than it was in 1986 for bridges, MDOC took into account decreases in a county's mill value and whether the number of bridge mills were increased in an attempt to maintain the bridge levy at a level similar to 1986.

The amount of the grant award recommendation for bridge projects is based on the degree to which counties have attempted to fund their bridge systems and the impact of restrictions on their ability to levy taxes. If it did not appear that the county had sufficiently funded their bridge system given their ability to levy taxes, MDOC reduced the amount of the grant award or recommended no grant funding for the applicant.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of different types of community infrastructure and financing methods for each. The department stressed objectivity and fairness in the procedures used to evaluate and score TSEP applications.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents fourteen years of effort to develop a system that analyzes relative financial need and capacity, and that is fair and equitable to all applicants. The MDOC financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies Annual Infrastructure Workshop held in Washington D.C. in 1996. The MDOC financial analysis methodology used for bridge projects represents six years of effort with a concentrated effort to refine the methodology prior to the 1999 legislature. The department is not aware of any other financial analysis methodology for bridge projects similar to what the department has developed.

TABLE 3
Financial Assistance Analysis / Debt Capacity and Grant Award Recommendations for the 2003 Biennium

Cumulative TSEP Funds	Applicant	Utility	Number of Households	Seven Priorities Ranking Score	Amount Requested	Proposed Grant Award ⁽¹⁾	MHI ⁽²⁾	90.00% Target Monthly Rates ⁽³⁾	Existing Monthly Rates	Variance From Target Rates %	Variance From Target Rates \$	Monthly Rates with No Assistance	Variance From Target Rates %	Variance From Target Rates \$	Projected Monthly Rates with Full Assistance	Variance From Target Rates %	Variance From Target Rates \$	Monthly Rates with Proposed Award	Variance From Target Rates %	Variance From Target Rates \$	Additional Debt Capacity
500,000	Lewis & Clark County	Bridge	18,649	4.356	500,000	500,000	26,409	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$
1,000,000	Alder	Wastewater	64	4.328	500,000	500,000	18,883	11.33	0.00	0%	-11.33	63.56	561%	52.23	27.00	238%	15.67	27.00	238%	15.67	(213,501)
1,500,000	Hot Springs, Town of	Water	322	4.200	500,000	500,000	9,052	14.94	30.00	201%	15.06	45.37	304%	30.43	39.44	264%	24.50	39.44	264%	24.50	(2,056,719)
2,000,000	Whitewater	Wastewater	43	4.156	500,000	500,000	24,904	14.94	0.00	0%	-14.94	110.36	739%	95.42	47.39	317%	32.45	47.39	317%	32.45	(256,004)
2,500,000	Virginia City, Town of	Wastewater	117	4.132	500,000	500,000	22,917	37.81	24.25	64%	-13.56	75.01	198%	37.20	49.70	131%	11.89	49.70	131%	11.89	(233,353)
2,890,600	Froid, Town of	Wastewater	109	3.948	390,600	390,600	14,861	24.52	68.00	277%	43.48	94.99	387%	70.47	68.00	277%	43.48	68.00	277%	43.48	(625,273)
3,390,600	Nashua, Town of	Wastewater	164	3.940	500,000	500,000	16,550	27.31	27.25	100%	-0.06	67.64	248%	40.33	47.00	172%	19.69	47.00	172%	19.69	(473,962)
3,687,100	Richland County	Bridge	4,009	3.916	296,500	296,500	23,264	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$
4,170,100	Lavina, Town of	Wastewater	85	3.800	483,000	483,000	16,094	9.66	10.05	104%	0.39	56.95	590%	47.29	18.00	186%	8.34	18.00	186%	8.34	(102,765)
4,568,600	Gardiner	Water	275	3.752	398,500	398,500	25,923	42.77	44.48	104%	1.71	49.51	116%	6.74	44.48	104%	1.71	44.48	104%	1.71	(134,675)
5,068,600	Park City	Wastewater	322	3.748	500,000	500,000	22,332	13.40	14.00	104%	0.60	36.00	269%	22.60	24.83	185%	11.43	24.83	185%	11.43	(508,425)
5,568,600	Stanford, Town of	Wastewater	217	3.700	500,000	500,000	20,227	33.37	31.60	95%	-1.77	64.61	194%	31.24	49.60	149%	16.23	49.60	149%	16.23	(537,070)
6,068,600	Florence	Wastewater	250	3.696	500,000	500,000	27,917	16.75	0.00	0%	-16.75	61.20	365%	44.45	53.95	322%	37.20	53.95	322%	37.20	(2,554,442)
6,568,600	Ashland	Wastewater	118	3.692	500,000	500,000	12,222	20.17	33.03	164%	12.86	53.38	265%	33.21	38.68	192%	18.51	38.68	192%	18.51	(625,530)
6,736,060	Geraldine, Town of	Water	161	3.648	167,460	167,460	19,732	32.56	43.44	133%	10.88	61.99	190%	29.43	55.56	171%	23.00	55.56	171%	23.00	(595,627)
7,236,060	Manhattan, Town of	Wastewater	670	3.552	500,000	500,000	21,563	35.58	25.51	72%	-10.07	48.85	137%	13.27	42.98	121%	7.40	42.98	121%	7.40	(625,990)
7,639,060	Lambert	Water	59	3.532	403,000	403,000	22,829	37.67	32.00	85%	-5.67	90.52	240%	52.85	46.59	124%	8.92	46.59	124%	8.92	(81,311)
8,139,060	Browning, Town of	Water	1,554	3.440	500,000	500,000	12,330	20.34	42.88	211%	22.54	54.18	266%	33.84	52.72	259%	32.38	52.72	259%	32.38	(11,081,324)
8,524,060	Kevin, Town of	Wastewater	84	3.392	385,000	385,000	16,667	27.50	36.87	134%	9.37	74.68	272%	47.18	37.45	136%	9.95	37.45	136%	9.95	(102,229)
8,949,060	Power (4)	Water	69	3.392	500,000	425,000	29,483	48.65	39.20	81%	-9.45	87.91	181%	39.26	55.60	114%	6.95	55.60	114%	6.95	(107,132)
9,449,060	Blackfeet Tribe (5)	Water	158	3.332	500,000	500,000	28,077	46.33	33.00	71%	-13.33	66.55	144%	20.22	56.45	122%	10.12	56.45	122%	10.12	(498,849)
9,949,060	Whitefish, City of	Wastewater	2,502	3.312	500,000	500,000	21,569	35.59	41.79	117%	6.20	45.58	128%	9.99	44.53	125%	8.94	44.53	125%	8.94	(4,236,203)
10,449,060	Choteau, City of	Wastewater	786	3.252	500,000	500,000	19,482	32.15	29.97	93%	-2.18	43.17	134%	11.02	39.03	121%	6.88	39.03	121%	6.88	(824,639)
10,949,060	Lockwood	Wastewater	1,512	3.172	500,000	500,000	26,108	43.08	35.00	81%	-8.08	51.52	120%	8.44	49.89	116%	6.81	49.89	116%	6.81	(2,077,129)
11,318,060	Eureka, Town of	Water	458	3.120	369,000	369,000	18,974	31.31	44.85	143%	13.54	54.68	175%	23.37	48.88	156%	17.57	48.88	156%	17.57	(1,111,634)
11,818,060	Shelby, City of	Water	1,182	3.092	500,000	500,000	25,417	41.94	36.81	88%	-5.13	45.27	108%	3.33	42.98	102%	1.04	42.98	102%	1.04	(225,535)
12,318,060	Charlo	Wastewater	152	3.072	500,000	500,000	22,000	36.30	28.50	79%	-7.80	53.97	149%	17.67	41.54	114%	5.24	41.54	114%	5.24	(209,990)
12,543,060	Essex (4)	Water	30	3.012	240,000	225,000	18,229	19.14	8.33	44%	-10.81	70.08	366%	50.94	30.19	158%	11.05	30.19	158%	11.05	(66,224)
13,043,060	Helena, City of	Stormdrain	6,457	2.952	500,000	500,000	25,462	42.01	46.88	112%	4.87	47.11	112%	5.10	46.88	112%	4.87	46.88	112%	4.87	(10,671,544)
13,372,060	Hinsdale	Wastewater	104	2.852	329,000	329,000	21,212	35.00	26.06	74%	-8.94	64.25	184%	29.25	41.23	118%	6.23	41.23	118%	6.23	(88,464)
13,872,060	Havre, City of	Water	3,127	2.812	500,000	500,000	25,646	42.32	45.18	107%	2.86	48.68	115%	6.36	47.53	112%	5.21	47.53	112%	5.21	(2,250,479)
14,372,060	Fairfield, Town of	Wastewater	307	2.780	500,000	500,000	22,250	36.71	23.15	63%	-13.56	56.09	153%	19.38	51.15	139%	14.44	51.15	139%	14.44	(1,456,818)
14,672,060	Yellowstone County	Bridge	38,385	2.732	300,000	300,000	25,942	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$
15,172,060	Jordan, Town of	Water/Wastewater	259	2.724	500,000	500,000	17,933	29.59	18.53	63%	-11.06	42.40	143%	12.81	35.22	119%	5.63	35.22	119%	5.63	(390,293)
15,388,485	Cascade County (6)	Bridge	30,206	2.680	216,425		23,700	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$
15,681,278	Butte-Silver Bow (6)	Water	11,989	2.588	292,793		21,307	35.16	59.28	169%	24.12	59.45	169%	24.29	59.28	169%	24.12	59.28	169%	24.12	(41,919,768)
	Kalispell, City of (7)	Water/Wastewater	382	2.132	500,000		40,673	67.11	14.20	21%	-52.91	56.88	85%	-10.23	45.80	68%	-21.31	56.88	81%	-12.45	955,852
	Polson, City of (8)	Water	1,723	2.032	500,000		14,231	23.48	30.60	130%	7.12	34.33	146%	10.85	33.15	141%	9.67	33.15	141%	9.67	(4,075,812)
					16,771,278																

(1) Indicates the amount of award applicant will receive if sufficient funds are available

(2) Median Household Income (MHI) as determined by 1990 Census data

(3) Financial assistance analysis for water and waste water systems, and other enterprise systems uses target rate analysis based on 90% of targets and a debt capacity allowance based on the number of households served in the applicant jurisdiction. Target rates for water and waste water applicant systems evaluates the amount of tax monies as a percentage of MHI percentage of 1 4% of MHI plus the target rate percentage for waste water systems of 8% of MHI, producing a combined target rate percentage of 2 20% of MHI. For projects supported by general taxation, financial assistance analysis evaluates the amount of tax monies as a percentage of MHI that the applicant contributes towards that system and also the change in the taxing ability of the applicant.

(4) The proposed grant amount for Power reduced to meet match requirement. The proposed grant amount for Essex reduced to meet the \$7,500 limitation per household.

(5) The information shown on this line is based on the financial information specifically about the East Glacier Park Water and Sewer District.

(6) Because of the limited amount of TSEP funds projected for the biennium, TSEP would be unable to fund this project.

(7) City of Kalispell not recommended for grant funding because projected user rates would be below target rate.

(8) City of Polson not recommended for funding due to inadequate information submitted in application needed to analyze the financial and technical merits of the project.

N/A - Project is not subject to target rate analysis.

Note: Number of households may be different from individual project summaries because this number is based on the number of residential hookups.

PART 6

TSEP APPLICATION (PROJECT) SUMMARIES FOR THE 2003 BIENNIUM

Index of Applicants and Projects

<u>Project No.</u>	<u>Name of Applicant</u>	<u>Page No.</u>
Project #1	Lewis and Clark County	31
Project #2	Alder Water and Sewer District, Madison County	37
Project #3	Hot Springs, Town of	43
Project #4	Whitewater Water and Sewer District, Phillips County	49
Project #5	Virginia City, Town of	55
Project #6	Froid, Town of.....	61
Project #7	Nashua, Town of.....	67
Project #8	Richland County	73
Project #9	Lavina, Town of.....	79
Project #10	Gardiner-Park County Water District, Park County	85
Project #11	Park City/County Water and Sewer District, Stillwater County...	91
Project #12	Stanford, Town of	97
Project #13	Florence County Water and Sewer District, Ravalli County	103
Project #14	Ashland County Water and Sewer District, Rosebud County	107
Project #15	Geraldine, Town of	113
Project #16	Manhattan, Town of.....	119
Project #17	Lambert County Water and Sewer District, Richland County	125
Project #18	Browning, Town of	131
Project #19	Kevin, Town of	139
Project #20	Power-Teton Co. Water and Sewer District, Teton County	143
Project #21	Blackfeet Tribe	149
Project #22	Whitefish, City of	157
Project #23	Choteau, City of	161
Project #24	Lockwood Water and Sewer District, Yellowstone County	165
Project #25	Eureka, Town of	171
Project #26	Shelby, City of.....	175
Project #27	Charlo Sewer District, Lake County.....	181
Project #28	Essex Water and Sewer District, Flathead County.....	187
Project #29	Helena, City of.....	193
Project #30	Hinsdale Water and Sewer District, Valley County	197
Project #31	Havre, City of.....	203
Project #32	Fairfield, Town of.....	209
Project #33	Yellowstone County	213
Project #34	Jordan, Town of.....	219
Project #35	Cascade County.....	225
Project #36	Butte-Silver Bow County.....	231
Project #37	Kalispell, City of.....	237
Project #38	Polson, City of.....	243

GLOSSARY OF ACRONYMS USED IN THE TSEP APPLICATION (PROJECT) SUMMARIES

AASHTO	American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BOD	Biochemical Oxygen Demand (a water quality measurement)
CDBG	Community Development Block Grant Program (MDOC)
CIP	Capital Improvements Plan
DEQ	Montana Department of Environmental Quality
DHES	Montana Department of Health and Environmental Sciences (previous name for DEQ)
DNRC	Montana Department of Natural Resources and Conservation
ED	Economic Development
EDA	Economic Development Agency (U.S. Department of Commerce)
EPA	U.S. Environmental Protection Agency
FEMA	Federal Emergency Management Administration
FW&P	Montana Department of Fish, Wildlife and Parks
HDPE	High Density Polyethylene (type of plastic pipe)
HUD	U.S. Department of Housing and Urban Development
I&I	Infiltration and Inflow (engineering analysis term)
INTERCAP	Intermediate Term Capital Program (Board of Investments)
ISO	Insurance Services Office
LMI	Low and Moderate Income
MCL	Maximum Contaminant Level (a water quality measurement)
MDOC	Montana Department of Commerce
MDT	Montana Department of Transportation
MG/L	Milligrams Per Liter
MHI	Median Household Income
MOA	Memorandum of Understanding

MPDES	Montana Pollutant Discharge Elimination System
N/A	Not Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)
NCRS	National Conservation and Resource Service
O&M	Operation and Maintenance
PVC	Poly Vinyl Chloride (type of plastic pipe)
RD	Rural Development (U.S. Department of Agriculture, Rural Utilities Service)
RRGL	Renewable Resource Grant and Loan Program (DNRC)
SID	Special Improvement District
SCS	Soil Conservation Service
EPA	Environmental Protection Agency
SRF	State Revolving Loan Fund (Water and Wastewater) Programs (DEQ)
STAG	State and Tribal Assistance Grant (EPA)
TA	Technical Assistance
TSEP	Treasure State Endowment Program (MDOC)
TSS	Total Solids Suspended (a water quality measurement)
USFS	U.S. Forest Service
WQB	Water Quality Bureau (DEQ)

TSEP Application Summary for the 2001 Legislature
Project No. 1
Applicant: LEWIS AND CLARK COUNTY FOR BRIDGE REPLACEMENT

This application received 4,356 points out of a possible 4,900 points and ranked 1st out of 38 applications.

The applicant's bridge levy as a percent of MHI is 175 percent of the state median. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
Applicant	Cash	\$ 538,000	Funds committed.
Project Total		\$1,038,000	

Median Household Income (MHI):	\$26,409	Total Population:	53,800
Percent Non-TSEP Matching Funds:	51.8%	Number of Households:	18,649

Project Summary

History - Lewis and Clark County, through its *2000 Bridge Evaluation Report*, has identified eight bridges that are in need of replacement. A brief summary of the four most critical structures is listed below:

Elk Creek Road Bridge – The structure is located on the Elk Creek Road 2.6 miles west of Highway 435 and approximately ten miles southwest of Augusta. The bridge, which crosses Elk Creek, was constructed around 1915. No major improvements have been made to the structure following a deck overlay in the 1970's. The bridge serves as sole access to two ranch families, two other ranch properties, several recreational cabins, and a trailhead accessing the Lewis and Clark National Forest, Bob Marshall Wilderness and Scapegoat Wilderness.

Problem –

- ☐ the concrete deck is severely cracked and deteriorated, the concrete is in poor condition at both abutments, deck forms are severely corroded and in some cases have rusted through, steel stringers and floor beams are corroded,
- ☐ the steel truss elements are composed of mild steel limiting the load bearing capacity of the structure. The existing 7-ton weight limit does not allow passage of farm implements, county maintenance equipment, etc.,
- ☐ the east abutment wall is split down the center and significant scour has occurred below the wall, and
- ☐ the bridge rail is substandard and incapable of absorbing vehicular impacts.

Smith Creek Road Bridge – The structure is located on the Smith Creek Road 3.6 miles west of Highway 435 and approximately seven miles southwest of Augusta. The structure crosses Smith Creek. The bridge was constructed in 1979. No major improvements have been made to the structure. The bridge serves as sole access to two ranch families, three other ranch properties, several recreational cabins, and a trailhead accessing the Lewis and Clark National Forest, Bob Marshall Wilderness and Scapegoat Wilderness and is on a designated school bus route.

Problem –

- ☐ timber stringers are in poor condition with four timbers broken and five others badly cracked. The timber deck is loose,
- ☐ steel girders and floor beams are corroded,
- ☐ one of the two interior steel girders is warped and has lost much of its load bearing capacity. The existing 8-ton weight limit does not allow passage of farm implements, fire fighting equipment, county maintenance equipment, etc.,
- ☐ concrete is in poor condition at both abutment footings,
- ☐ significant scour has occurred below the east abutment wall, and
- ☐ the bridge rail is substandard and incapable of absorbing vehicular impacts.

Lyons Creek Road Bridge – The structure is located on the Lyons Creek Road immediately west of the I-15 frontage road and approximately five miles south of Wolf Creek. The structure crosses Little Prickly Pear Creek. The bridge was constructed in 1897. No major improvements have been made to the structure other than periodic replacement of the deck planks. The bridge serves as sole access to sixteen year round residences, two ranch properties, several recreational cabins, and to a large area of the Helena National Forest. Since the submittal of the application, the bridge collapsed under the weight of an excavator that exceeded the weight limit. The county obtained a temporary "Bailey" bridge on loan from MDT

Problem –

- ☐ timber stringers are beginning to crack and check,
- ☐ steel floor beams are corroded,
- ☐ steel truss elements are undersized and composed of mild steel limiting the load bearing capacity of the structure. The existing 4-ton weight limit does not allow passage of farm implements, fire trucks, county maintenance equipment, propane and septic service trucks, etc.,
- ☐ significant scour has occurred below the east abutment wall,
- ☐ concrete is in extremely poor condition at the west abutment,
- ☐ the bridge rail is substandard and incapable of protecting the truss elements from vehicular impacts, and
- ☐ the lack of wingwall at the northeast corner of the bridge has allowed the approach fill to erode.

Sierra Road Bridge – The structure is located on Sierra Road one mile east of I-15 and approximately three miles north of Helena. The structure crosses Ten Mile Creek. The bridge was constructed in the 1960's. Improvements were made to the structure in the 1980's. The bridge is critical to emergency service response in the north-central Helena Valley and is the primary access to the Montana Law Enforcement Academy as well as being on a designated mail and school bus route.

Problem –

- ☐ the asphalt wearing surface is severely cracked and deteriorated,
- ☐ the timber stringers exhibit signs of decay at the bearing points and 26 timbers are severely cracked and checked,
- ☐ the steel girders and floor beams are corroded,
- ☐ the center steel girder is cast directly into the abutment walls preventing proper end rotation of the member,
- ☐ the lower flanges of exterior plate girders have been warped and damaged where the floor beams are supported,
- ☐ significant scour has occurred below the east abutment wall,
- ☐ the concrete is in poor condition at both abutments,
- ☐ the existing 10-ton weight limit does not allow passage of farm implements, heavy construction equipment, etc., and
- ☐ the bridge rail is substandard and incapable of absorbing vehicular impacts.

Proposed Solution – The proposed project would replace all four bridges.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that the most recent MDT inspection for the Elk Creek Road Bridge gave it a 19.7 NBI Sufficiency Rating (SR); the NBI Bridge Appraisal Rating for the overall structure is a two; and the NBI Element Condition Rating for the deck is a five, the superstructure a four and the substructure a four. The most recent MDT inspection for the Smith Creek Bridge gave it a 37.4 NBI SR; the NBI Bridge Appraisal Rating for the overall structure is a three; and the NBI Element Condition Rating for the deck is a six, the superstructure a six and the substructure a eight. The most recent MDT inspection for the Lyons Creek Road Bridge gave it a 21.5 NBI SR; the NBI Bridge Appraisal Rating for the overall structure is a three; and the NBI Element Condition Rating for the deck is a seven, the superstructure a six and the substructure six. The most recent MDT inspection for the Sierra Road Bridge gave it a 42.4 NBI SR; the NBI Bridge Appraisal Rating for the overall structure is a three; and the NBI Element Condition Rating for the deck is a six, the superstructure a six and the substructure a six.

The MDT ratings indicate that a serious deficiency exists in each of these four bridges and that the MDT considers them to be in need of replacement. Based on the various ratings, all the bridges fall into the level four scoring criteria category. The MDOC review engineer noted that there exists a significant threat to public health and safety, as the life of these bridges appears to be very short. The four bridges will likely continue to deteriorate and may eventually be closed for safety purposes.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 756 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 35th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36%. The relative concentration of persons living at or below the *LMI* level ranked 28th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 11.8%. The relative concentration of persons living at or below the *Poverty* level ranked 26th out of the 38 applications.

Indicator 2. Financial Analysis: 5th Quintile = 540 points. Scores are assigned based on the degree to which applicants have ensured that bridges in their counties are adequately funded. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to applicants that appear to have done everything possible to ensure that bridges in their counties are adequately funded.

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score.)

Bridge levy as a percent of MHI	.07%
Bridge levy as it relates to the state median of .04 percent	175%
Entire levy as a percent of MHI	3.97%
Entire levy as it relates to the state median of 2.93 percent	135%
1999 mill value as a percent of 1986 mill value	144%
1999 bridge mills as a percent of 1986 bridge mills	217%
Ratio of 1999 bridge levy to 1986 bridge levy	313%

The applicant appropriates 8 mills of its all-purpose levy toward bridges. The applicant stated that this equals the maximum number of mills that the county could levy if budgeting under a separate bridge mill levy. The county has inventoried all of its bridges under 20', and in March of 2000 the county commission adopted the third edition of the *County Bridge Evaluation Report*. A depreciation reserve fund has been established for bridges. The applicant has spent \$1,588,889 in bridge related activities in the last three years. A ballot issue to consider raising \$19,000,000 for road maintenance and improvements was defeated at the polls in 1998. The applicant stated that PILT money will be utilized to repair other bridges.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the PER provided all the required information in a clear, concise and organized manner and addressed all deficiencies associated with each of the four bridges. Several design alternatives for replacement of the bridges were studied with the most efficient, low maintenance, and cost-effective one selected for each bridge. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that it has thoroughly addressed its public facility needs through the preparation and subsequent adoption of the following documents: *2000 Bridge Evaluation Report*, adopted in April, 2000; *Road Evaluation Report*, adopted in April, 1998; *Bridge Standard*, adopted in January 1999; *Capital Improvements Plan*, adopted with the fiscal year 2000 budget; *Lewis and Clark County Parks Plan*, adopted in the spring of 1998; *Helena Area Wastewater Treatment Plan*, adopted in the spring of 1998. The applicant stated that it is in the process of updating their current comprehensive plan. During this process, the county also formed a citizen advisory group, consisting of a cross-section of special interests throughout the county in order to represent their interests and advise the county as to the development of goals, objectives, and policies related to land use, natural environment, housing, economic development, transportation, utilities, and capital facilities. A draft comprehensive plan update has been prepared and is in the public comment phase. The MDOC reviewer noted that the application included a copy of the bridge evaluation report, the bridge standards, road evaluation report and the CIP.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with local funds. The applicant included a letter from the commissioners committing to appropriate the necessary matching funds from the all-purpose levy fund and other revenues that may be available. The funds will be available July 1, 2001. The applicant stated that the majority of bridge replacements are funded by bridge mills assessed through local property taxes. The applicant stated that the MDT allocates monies to counties through the off-system bridge program. These monies are allocated as they become available without any predetermined schedule. The Craig River Bridge is currently part of the MDT program, thus, funding for another bridge replacement will likely not be available for another five to ten years. The applicant stated that the formation of a bridge rural improvement district was also not be considered a viable alternative as the structures are utilized by, and benefit the infrastructure of, the entire county.

The applicant stated that in past years the county has received bridge funding from the Forest Service (USFS), BLM and DNRC for bridges that suited the specific needs of the agency providing the funding. The applicant has determined that these bridges do not serve a specific need of these agencies, thus, funding was not considered feasible. The applicant stated that it is USFS policy that unless bridges are located on National Forest property and have the primary purpose of providing access to National Forest property, they are not funded. While Elk Creek, Smith Creek and Lyons Creek Bridges are key access points to National Forest properties, the bridges are not located within the National Forest boundary and their primary purpose is to serve county residents.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant

mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction of the bridge. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated the development of a sound infrastructure, including the road and bridge network, is essential to maintaining the tax base of any community by promoting the retention and expansion of business. The applicant stated that the replacement of the bridges identified in the application would assist in retaining current long-term, full-time jobs. The Elk Creek and Smith Creek structures are key accesses to the Bob Marshall and Scapegoat Wilderness areas and heavily used by commercial outfitters and guides during the summer pack trip and fall hunting seasons. The replacement of the Elk Creek, Smith Creek, and Lyons Creek areas will also retain local ranch jobs by allowing continued access to their properties as well as allowing heavy farm implements, loads of hay, livestock, etc. to cross the structures. The applicant included letters of support from affected business and ranch owners. The applicant stated that the Montana Law Enforcement Academy has been contacted regarding the replacement of the Sierra Road Bridge and stated that the structure is critical to future expansion of the facility. The MDOC reviewer did not find documentation in the application to support this statement.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that public hearings were held in Lincoln, Helena, and Augusta in the year 2000. The hearings were held in conjunction with regularly scheduled county commission meetings and were advertised in local newspapers. The public was informed of the sources of funding for this project and the fact that it would not result in an increase in their taxes. Minutes from the hearings and the public hearing notices were included in the application. The application included over 35 letters of support ranging from affected private property owners, to local businesses, to federal and state agencies. The applicant stated that the draft comprehensive plan lists the transportation network, including roads and bridges, as the number one priority for infrastructure improvement in each of the five individual planning areas. The MDOC reviewer noted that the draft comprehensive plan, or pertinent sections thereof, were not included in the application.

**TSEP Application Summary for the 2001 Legislature
Project No. 2
Applicant: ALDER WATER AND SEWER DISTRICT, MADISON COUNTY
FOR A WASTEWATER SYSTEM**

This application received 4,328 points out of a possible 4,900 points and ranked 2nd out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Awaiting decision of legislature.
CDBG	Grant	\$ 500,000	Application to be submitted in 2001.
RD	Grant	\$ 457,500	Contacted, application to be submitted.
RD	Loan	\$ 165,000	Contacted, application to be submitted.
Project Total		\$1,722,500	

Median Household Income (MHI):	\$18,883	Total Population:	172
Percent Non-TSEP Matching Funds:	71%	Number of Households:	69

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$11.33	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$27.00	238%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$63.56	561%

Project Summary

History – The unincorporated community uses individual wells to obtain water. The Ruby River is situated one mile to the west of Alder. Alder Creek is located east of the town. Wastewater treatment and disposal is presently accomplished in the community by use of individual on-site systems. The county has placed a moratorium on the installation of new individual wastewater treatment systems because of the inability of on-site systems to meet current standards.

Problem – Lack of a centralized wastewater system is a problem because:

- ☐ the groundwater table rises to within 1' to 4' of the ground surface causing on-site treatment systems to fail,
- ☐ wells have experienced contamination,
- ☐ there is a moratorium on any proposed new on-site systems; those wishing to repair or replace existing failed systems must receive a variance, and

- ☐ several local businesses have been placed under state orders to improve or replace their current wastewater treatment systems or connect to a municipal system that will accept their wastewater.

Proposed Solution – The proposed project would:

- ☐ abandon the existing on-site septic tank/drainfield systems,
- ☐ construct a conventional gravity collection system to serve the community,
- ☐ construct a treatment facility with two facultative storage lagoons,
- ☐ construct a lift station, and
- ☐ discharge treated effluent using spray irrigation in the summer months.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the public health risks are existing, continual and long-term, and the incidence of illness and disease is imminent if the existing problem is not corrected. The entire community is affected by the public health risks and the imposition of the moratorium on all new development in Alder. The applicant adequately documented that the public health risks and environmental contamination are a direct result of the deficiencies. While there are no state or federal directives for the community to rectify the problem, the DEQ has imposed numerous boil orders and health advisories against at least three commercial establishments. The county-imposed moratorium has stopped all development in the community.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 828 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 12th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43%. The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 13.7%. The relative concentration of persons living at or below the *Poverty* level ranked 18th out of the 38 applications.

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the applicant provided a comprehensive evaluation of the deficiencies in Alder and submitted a complete preliminary engineering report that included all the necessary information. The proposed project will completely rectify the most serious deficiencies in Alder and will be designed in a manner that allows the communities of Laurin and Ruby to connect at a later date. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the problems with Alder's on-site wastewater treatment facilities have been ongoing for years and have only recently been realized by the community as a serious situation due to increased pressure from the Madison County Sanitarian and the DEQ Water Quality Bureau. Meetings were held in the spring and fall of 1997 to gauge support for a community wastewater system. The applicant stated that these meetings were well attended, however, the MDOC reviewer noted that there was no documentation of these two meetings included in the application. The applicant stated that as a result, a steering committee was organized to work toward the goal of constructing a community wastewater system.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of RRGL, TSEP, CDBG and RD grants in combination with an RD loan. The applicant stated that it would conduct an income survey to establish CDBG eligibility. The MDOC reviewer noted that districts are not eligible to apply to CDBG but a county can apply on behalf of a district. The Application did not address this issue. Should an acceptable grant/loan package not become available to the District from RD, then the SRF program may be utilized. Even with grant assistance from the TSEP program, the applicant will be 238 percent over the wastewater target rate established by MDOC.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the wastewater system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that tourism, fishing and the recreation industry in the Alder area play a significant role in the area's economy. The ability of these industries to sustain current levels of employment and to increase the number of jobs is tied directly to reducing the level of pollution into nearby Alder Creek and the Ruby River. The applicant also stated that while the economic well being of the area has remained static for a number of years, the recent purchase of the Bovey properties at Virginia City and Nevada City by the State of Montana has opened up new opportunities for existing and potential businesses in the area. The properties, overseen by the Montana Heritage Commission (MHC), are now under strong management and are proceeding in a rapid manner to market the facilities. Alder is already experiencing spin-offs related to the increased tourism. The applicant stated that this would benefit the existing area businesses and provide opportunities for new businesses looking to establish themselves. However, due to the current moratorium on installation of wastewater systems, additional population and business growth is blocked. The applicant included several letters indicating the need for sewer services from several present or potential business interests in Alder. An example of job retention is the Oxbow Cafe. After many years of trying to correct its water system, numerous DEQ enforcement orders contributed to the cafe's closure, costing the community three to five jobs. The KOA campground has received several letters from DEQ as well as a letter from the Department of Revenue threatening non-renewal of their license. If the campground is forced to close an estimated three to five additional jobs may be lost. The applicant stated that a landowner in the District is currently exploring the feasibility of building an eight-unit motel. The developer has indicated they would not be interested in moving forward with the venture, and the jobs it would create, without first having a central public wastewater system to connect to. However, no documentation to support this statement was included in the application.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that numerous newspaper articles were written and public hearings held, enabling the community to be well informed on the project. On January 4, 2000, a public information meeting was held to discuss the project with the community. The application included minutes and handouts relative to this meeting. The applicant stated that the public meeting was well publicized with notices posted all around town and a phone tree was used to call residents. Fourteen people attended. A public hearing was held for the purpose of creating the county water and sewer district on January 11, 2000. Minutes, the notice and handouts were included in the application. Forty-three people attended. A

Governor's Budget

public hearing was conducted March 15, 2000, to formally discuss the wastewater facility plan and to give citizens an opportunity to offer final comment on the town's TSEP application. Eighteen people were in attendance. Copies of the advertisements, minutes, handouts and list of attendees for this meeting were included with the application. Two handouts were distributed that contained presentation details and figures. Wastewater rates were discussed at the hearing. The application included numerous letters of support for the project from local and outside interests.

**TSEP Application Summary for the 2001 Legislature
Project No. 3
Applicant: TOWN OF HOT SPRINGS FOR WATER SYSTEM IMPROVEMENTS**

This application received 4,200 points out of a possible 4,900 points and ranked 3rd out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
CDBG	Grant	\$ 10,000	TA grant funds committed.
CDBG	Grant	\$ 400,000	Application to be submitted in 2001.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
RD	Loan	\$ 491,255	Contacted, application to be submitted.
RD	Grant	\$1,326,336	Contacted, application to be submitted.
Applicant	Cash	\$ 16,000	Funds committed.
Project Total		\$2,843,591	

Median Household Income (MHI):	\$9,052	Total Population:	566
Percent Non-TSEP Matching Funds:	82%	Number of Households:	322

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$15.00	-	Target Rate:	\$14.94	-
Existing Wastewater Rate:	\$15.00	-	Rate With TSEP Funding:	\$39.44	264%
Existing Combined Rate:	\$30.00	201%	Rate With No TSEP Assistance:	\$45.37	304%

Project Summary

History - The original water system was installed in 1933. The last major upgrade to the water system was completed in 1987. The upgrade replaced some of the varying sized cast iron and galvanized pipe installed about 40 years ago. The upgrade also included improving two of the three wells. DEQ imposed a boil order in 1997 after coliforms were detected in the water system. The source of the contamination has not been determined.

Problem - The town's water system has the following deficiencies:

- ☐ water hammer problems with the submersible pumps,
- ☐ worn pumps,
- ☐ inadequate disinfection equipment,
- ☐ aging and an inadequate distribution of fire hydrants,

- ☐ 10,600' of undersized (2" and 4") distribution mains,
- ☐ leaking distribution lines (30 percent loss),
- ☐ aging galvanized service lines that are also contributing to the leaking problem,
- ☐ aging cast iron pipe (140 breaks in ten years),
- ☐ dead-end mains,
- ☐ inadequate isolation valving, and
- ☐ negative water pressure in some parts of town when using fire hydrants.

Note: The proposed solution would not address the inadequate disinfection problem, or problems with the pumps. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution - The proposed project would:

- ☐ replace all the galvanized services and replace 25,700' of aging cast iron mains with PVC pipe,
- ☐ install 60 isolation valves, and
- ☐ replace or add 55 fire hydrants.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that although only violations of design standards are present, these deficiencies do potentially represent a significant threat to public health or safety. The low-pressure situations caused by the leaking distribution system and the undersized mains have the potential to introduce illness or disease causing organisms into the system. This potential exists every time a leak occurs or a hydrant is used. Based on the frequent occurrence of leaks, (approximately one leak per month over the past ten years), serious consequences that affect public health have high probability of occurring in the near-term. Although no health or safety problems can be identified that are clearly attributable to the system deficiencies, the 1997 boil order is an indication that the system is vulnerable to contamination. Given the nature of these deficiencies, it was determined that there is a high probability that a serious consequence affecting public health will ultimately occur, and that there is a reasonable to high probability that it will occur in the near-term as a result of unpredictable circumstances.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 900 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 5th Quintile = 360 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 1st out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 80%. The relative concentration of persons living at or below the *LMI* level ranked 2nd out of the 38 applications.

- ❑ The percent of persons living at or below the *Poverty* level is 38.6%. The relative concentration of persons living at or below the *Poverty* level ranked 4th out of the 38 applications.

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that computer modeling of the water system should have been included to verify the extent of the proposed main replacement as well as the diameters of new pipes. However, given the failing condition of the existing distribution system, the lack of modeling was considered only a minor issue and the proposed solution by the applicant is appropriate. It was assumed that computer modeling of the water system would be completed before the completion of the final design as was indicated in the application.

Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that the town has drilled another well, expanded the system, or replaced more of the wooden pipes approximately every ten years. The town adopted a water system improvement master plan in 1983. A leak detection study was conducted in 1985. The study was included in the application. A major system improvement, completed in 1987 at a total project cost of \$432,650, replaced undersized piping, looped water mains, installed new pumps on wells #1 and #2, constructed a new well house building for well #1, and improved the storage facility. The improvements also included a water system improvement master plan, which was also included in the application.

The DHES conducted sanitary survey in 1995 found eight minor deficiencies in the system. The system is metered and a wellhead protection plan was completed in 1995, however, new DEQ rules require that this plan be updated. In 1997, a consultant reviewed the system as a result of the contaminated samples discovered that year. The source of the contamination was not conclusively identified. Both of these studies concluded that the operation and maintenance of the system, and the operator's training were adequate.

The water rates were increased to \$8.80 per month in 1987. The current water rate is \$15.00, allowing the town to save \$40,000 for major repairs. The proposed rate structure includes a contribution to reserves of \$4.00 per month per user. Reserves acquired at this rate would accumulate to at least \$250,000 within ten years and be able to internally fund much of the required improvements needed in subsequent projects. Continued growth of the fund will also allow incremental expansion of the system, as developers demand the services.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG, and RD grants in combination with an RD loan and local reserves. The applicant stated that Hot Springs needs to access almost all the infrastructure funding agencies available to complete this project. The applicant contacted RD and plans to submit an application late this summer. The town will submit a CDBG application in May 2001. RD would need to replace TSEP funding if the grant was not awarded. The MDOC reviewer noted the applicant provided detailed spreadsheets on user rates depicting the alternative funding packages. The rates are already over 200 percent of target rate. The proposed rate, with TSEP funding would be at 264 percent of target rate and would be at 304 percent without TSEP, making TSEP funding critical to this project.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that at this time there are no businesses in Hot Springs that have expansion plans. However, the applicant also stated that the improvements would encourage businesses to expand and locate in Hot Springs. The manager of the local Bank, stated he has visited with new businesses interested in moving to Hot Springs and that they all require water and sewer. One local firm has approached local development staff for information about assistance with business expansion possibilities. The plans are embryonic at this time but the owner estimates that he can create eight to ten new industrial jobs as his business expands. Property owners on the edge of town have begun

development plans, but there is limited or no town water service to these outlying properties. The town's policy for the provision of water service to new homes requires that the property be annexed to the town. This annexation would expand the tax base of the town and increase its ability to provide necessary services.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that a public hearing was held March 2, 1999, and a consultant spoke to the council about applying for a grant to complete a water master plan. Minutes were included in the application. A grant was awarded by the CDBG program to help fund a water engineering report. Another public hearing was held on April 5, 2000 in the senior citizen center after a noon potluck. Over 60 members of the community stayed after the dinner to listen to the presentation. Copies of the sign-in sheet, the published public hearing notices, and the minutes of the hearing were included in the application. The public was presented with the results of the water system study, and the recommended solution. The public was informed that for every \$100,000 raised in grant funding; individual user costs would decrease approximately \$1.75 per month. The MDOC reviewer noted that the applicant provided detailed spreadsheets on user rates depicting the alternative funding packages.

The application included letters of support from various businesses, county government, and tribal government personnel. A petition supporting water system improvements, signed by 128 members of the community over a two-day period, was also included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 4
Applicant: WHITEWATER WATER AND SEWER DISTRICT, PHILLIPS COUNTY
FOR A WASTEWATER SYSTEM

This application received 4,156 points out of a possible 4,900 points and ranked 4th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends** the requested TSEP grant of \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
CDBG	Grant	\$ 236,895	Discussed with staff.
SRF	Loan	\$ 226,074	Contacted, project on priority list, application to be submitted.
RRGL	Grant	\$ 100,000	Awaiting decision of legislature.
Project Total		\$1,062,969	

Median Household Income (MHI):	\$24,904	Total Population:	95
Percent Non-TSEP Matching Funds:	53%	Number of Households:	43

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$14.94	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$47.39	317%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$110.36	739%

Project Summary

History – The Whitewater Community is currently utilizing individual septic tanks and drain fields. Residents depend on a shallow groundwater aquifer for their potable water. A study done by the Phillips County Sanitarian indicated that the groundwater source contains several harmful contaminants. DEQ currently requires the Whitewater school to treat water supplied to the school's drinking fountains because of high nitrate levels. Giardia lamblia were detected in one of the school wells that resulted in human illness. There is currently a moratorium on new hook-ups.

Problem – The district's wastewater system has the following deficiencies:

- ☐ failing septic systems,
- ☐ shallow, and in some cases hand-dug wells, in conjunction with a high groundwater table, and
- ☐ many of the existing septic systems violate the state requirement of 100' of separation between drain fields and wells.

Proposed Solution –The proposed project would:

- ☐ abandon existing septic systems by draining and filling the tanks with sand,
- ☐ install a gravity collection system,
- ☐ install gravity out-fall lines from the collection system to a new central treatment facility or, if topography will not permit the use of the gravity flow, a sewer lift station and force main would be installed, and
- ☐ construct a new central wastewater treatment facility consisting of a total retention lagoon.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the configuration of lots makes use of septic systems inappropriate for this area since there is insufficient separation between septic systems and wells. Some lot sizes are small and the soils have a very high transmissivity that allows quick movement of the septic discharge. When it can be demonstrated that background nitrate levels are lower than the high nitrate levels in wells, it is an indicator that insufficiently treated septic tank effluent does reach many of the wells. Since there was significant variance in the nitrate levels it is very probable that the nitrate source originates with the septic systems and, although below the MCL for nitrates, it does indicate insufficient treatment. The problem is continual and long-term, and unless a central sewer system is put in place, it is likely that serious health problems will occur imminently if they have not already occurred. There are currently no state or federal directives for the community to rectify the problem because the problem exists with individual systems and not a public system. The MDOC review engineer noted that this does not make the problem any less serious.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 756 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 28th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 29%. The relative concentration of persons living at or below the *LMI* level ranked 35th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 21%. The relative concentration of persons living at or below the *Poverty* level ranked 8th out of the 38 applications.

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer stated that the PER did a thorough job of evaluating possible alternative solutions. There is some concern over the potential disturbance of wetlands. The MDOC review engineer stated that actual wetlands have not been definitely identified at the site, but further research and possible mitigation will need to be addressed. This could drive project costs up, however, a contingency fund has been provided. This minor issue does not raise serious questions regarding the appropriateness of the alternative selected by the applicant.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that in the fall of 1997, Phillips County in conjunction with the PhillCo Economic Growth Council, conducted an informational meeting concerning water and wastewater issues. The applicant stated that residents of Whitewater participated in the county's "Around the County Meetings" in the summer of 1999 and, as a result, the project was added to *Phillco's Overall Economic Development Plan/Strategic Plan*. The Phillips County Whitewater Water and Sewer District was created in April of 1998. In August of 1999, the district assessed a one-time tax assessment to cover district expenses. A wastewater facility plan was adopted by the district in December of 1999. DEQ approved the plan in February of 2000. Based on the results of a community needs and income survey conducted in 1999, a CIP was prepared and adopted by the district in April of 2000. A copy of the survey results and the CIP were included in the application.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an SRF loan. The RD program indicated that the district is eligible for a loan but not for

any grant assistance. An SRF loan will be used because the rates and terms are more favorable than RD's or local banks. The INTERCAP program was not considered since the ten-year term and variable interest rates were not favorable to the district. The district has contacted the congressional delegation seeking federal funds for the project. The applicant stated that the school board trustees have expressed a willingness to pursue a school district wide assessment to assist with the debt service obligation since the school will be the largest beneficiary of the wastewater system. The MDOC reviewer noted that the applicant conducted an income survey and determined that the LMI percentage is 39 percent, however, the minutes of the April 13, 2000, public hearing indicate that the applicant plans to target LMI households in order to qualify for CDBG funding. With grant assistance from the TSEP program the applicant will be 317 percent over the wastewater target rate established by MDOC. As a result, a TSEP grant is critical to keeping user rates reasonably affordable.

The MDOC reviewer noted that the proposed project would provide \$11,628 in benefits per household. The *TSEP Application Guidelines* state that the grant request should not exceed \$7,500 per benefited household. MDOC does not recommend the full amount of the grant requested unless the following tests are met:

1. a serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur; and the proposed project will correct the deficiencies; and
2. as a result of the water or wastewater project, user rates would be at least two times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
3. other sources of funding are not reasonably available.

The applicant met all of the above tests, therefore, MDOC recommends the full \$500,000 grant as requested.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project would not result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans. However, with the current moratorium, new on-site septic systems would not be allowed in the district. The applicant stated that with a new wastewater collection and treatment facility, the moratorium would be lifted allowing for additional expansion and new construction.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the Phillips County Whitewater Water and Sewer District was created in April of 1998. On July 8, 1998, the district held its first public hearing on the developments of the newly created district and funding needs. On March 18, 1999, the district held a public meeting relative to the preliminary findings within the wastewater facility plan and water system study. The minutes of this meeting and the attendance sheet were included in the application. A public hearing was conducted on September 1, 1999, relative to a one-time tax levy to cover administrative and other expenses of the district. The district published two hearing notices and mailed notices to landowners and residents. A copy of the legal affidavit and notices were included in the application. In 1999, the district levied the one-time tax assessment. In the summer of 1999, Phillips County conducted "Around the County Meetings". The MDOC reviewer noted that four persons from Whitewater were listed on the attendance sheet. In November of 1999, the district conducted a community needs and income survey. The applicant stated that 64 percent of the surveys were returned. The applicant stated that the results indicated that water quality was the highest priority, along with street and road conditions. The county has placed the highway to Whitewater as their top priority. A water study was conducted in conjunction with the wastewater facility plan project. Due to limited funds, the district decided to construct the wastewater project first. On December 8, 1999, the district again held a public hearing to solicit public comments on the draft wastewater facility plan. The minutes, attendance sheet, meeting notice, and the legal affidavit were included in the application. The district held another public hearing on April 13, 2000, to obtain public comments regarding an application to the TSEP program. The attendance sheet and hearing notice were included in the application. The MDOC reviewer noted that user rates were addressed at both of these hearings. The application included letters of support from the county commissioners, the county sanitarian, and Whitewater public schools.

TSEP Application Summary for the 2001 Legislature

Project No. 5

Applicant: TOWN OF VIRGINIA CITY FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 4,132 points out of a possible 4,900 points and ranked 5th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
EDA	Grant	\$ 500,000	Application has not yet been submitted as stated.
SRF	Loan	\$ 724,000	Contacted, project on priority list, application was to have been submitted by July 2000, but had not been received by the end of November.
Applicant	Cash	\$ 23,460	Funds committed, partially expended.
Project Total		\$1,847,460	

Median Household Income (MHI):	\$22,917	Total Population:	175
Percent Non-TSEP Matching Funds:	73%	Number of Households:	123

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$17.25	-	Target Rate:	\$37.81	-
Existing Wastewater Rate:	\$7.00	-	Rate With TSEP Funding:	\$49.70	131%
Existing Combined Rate:	\$24.25	64%	Rate With No TSEP Assistance:	\$75.01	198%

Project Summary

History - Virginia City's wastewater system was constructed in 1974. It is composed of two facultative lagoons for treatment, which is then discharged to a single infiltration cell for groundwater disposal. Nevada City uses individual septic systems, which are failing, and also utilizes individual wells that are shallow. Ground water in Nevada City is only 2' to 4' below the ground surface.

Problem - The town's wastewater system has the following deficiencies:

- ☐ total detention time is 90 days, resulting in insufficient treatment,
- ☐ existing facultative lagoons are located immediately adjacent to and between two branches of Alder Creek, which severely limits space for pond expansion,
- ☐ treatment ponds rarely discharge to the infiltration cells demonstrating that all of the measured inflow into the lagoons (less evaporation) is leaking into the groundwater system,
- ☐ BOD loading exceeds state standards, which results in periodic odor problems,
- ☐ lagoon embankments are subject to erosion at the toes of the embankments, and

- ☐ embankments exceed the 3:1 slope requirement.

Proposed Solution - The proposed project would:

- ☐ abandon the current wastewater treatment ponds (de-water, lower embankments, cover bottoms with soil and re-vegetate entire area),
- ☐ construct a collection system for Nevada City, which would then be connected to the Virginia City system, and
- ☐ construct two wastewater ponds for treatment and winter storage, and an irrigation system to dispose of treated wastewater effluent on nearby cropland.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that the existing treatment system serving Virginia City is inadequate and non-functional from a wastewater treatment perspective. The original design of the Virginia City treatment facility was for 150 people, in addition, it did not consider the seasonal impact of tourism on the treatment facility. As a result, wastewater flows currently range from 40,000 to 60,000 gallons per day. Estimated current detention times range between 28 and 60 days, far less than the 180 days required by DEQ. The severe lagoon leakage is likely contaminating the Nevada City water supply and degrading Alder Creek. Nevada City is located less than one mile down gradient of the lagoon system. The Nevada City residents are served by on-site drainfield systems and private wells. Public health and safety is at risk due to groundwater degradation resulting from the Virginia City treatment system leakage and the substandard drainfields in Nevada City. Illness and disease resulting from incidental short-term or casual contact is possible in the near-term due to short-term, casual or incidental contact. In addition, a failure of the lagoon embankment due to continued erosion or serious flooding would result in serious environmental damage and endanger public health and safety.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 25th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 38%. The relative concentration of persons living at or below the *LMI* level ranked 23rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 12.7%. The relative concentration of persons living at or below the *Poverty* level ranked 21st out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the PER was very well done. Information relative to sludge quantities and quality that could have an impact on the project was not extensively developed. However, funds for remediation were included, which the reviewer assumed to include sludge disposal. It was not felt that the missing information was of any significance. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that a comprehensive area-wide water and sewer plan was developed for Madison County in 1970. As a result, the town replaced old lines, improved the spring source, and added a 100,000 gallon reservoir to the water system in 1971. The wastewater system was constructed in 1973. In 1983, the town extended water and sewer mains to the southeast portion of the town. A chlorination facility was added to the water system, along with 12,000' of new distribution and transmission mains, in 1987. In 1999, the town added a 500,000 gallon storage tank and 3,000' of transmission main to the water system. In addition to the water and sewer projects, the town has made several other significant expenditures the last few years to improve various public facilities.

Because of concern about the inadequate fire protection available for the commercial/historical area of the town, an updated water system analysis was conducted in 1995. The town has completed community needs assessments in 1987, 1988, and again in 1992. The 1992 survey results were included in the application. A comprehensive master plan study was completed for Virginia City in 1995. The plan addressed all aspects of the present and future development including historic preservation, population, economy, employment, housing, land development, design standards and public facilities. Results from the needs assessments were used to establish goals and objectives in guiding development of the plan. A CIP was approved in 1997, covering the community's water, wastewater and street system facilities. The 1995 plan and the 1997 CIP were included in the application. The town is currently in the process of updating its comprehensive plan by incorporating the growth policy requirements established by the 1999 legislature. The application also included the 1999 update to the Madison County Comprehensive Plan.

Some concerns have been raised from local citizens as to whether or not this project will open the gates for unlimited and uncontrolled growth in the area. The treatment facility will be designed to provide for moderate growth (around ten percent) and thus the system will eventually limit growth. The option for

allowing Nevada City area users to hook on is considered a one-time occurrence, since the line is going by them anyway. The town would not be required to provide any future hookups outside the Nevada City area, although they could if deemed feasible. At this time, the council feels a responsibility to provide for future sewer hookups within the city limits rather than adding additional hookups west of town.

The applicant stated that from 1982 to 1987, the council raised the water rates from \$4.25 per month to \$8.85. The town raised the water rates to \$12.25 in 1990 to help fund a project at that time. Finally in 1999, water rates were increased to \$17.25 to fund the storage project and provide reserves for future projects. At the same time, the cost to hook up to the system was raised from \$250 to \$750. The sewer rate has remained at \$7.00 per user, per month, for a number of years. The primary reason the rate was kept so low was that O&M costs on the collection system were minimal since the lines were in good condition, and O&M was deemed useless on the treatment system since it was in such a dilapidated condition. The town has now realized that it can barely make the debt payments, and that it must raise its rates now rather than wait until the proposed project is implemented. At a meeting on April 20, 2000, a new ordinance had its first reading, which will raise the sewer rate to \$13.00 per user/month and the cost to hook up from \$250 to \$750. This new rate, which will go into effect around the first of July, will allow the town to adequately cover debt payments as well as establish a reserve of around \$10,000 per year.

The problems with the treatment facility can be traced to poor design and construction, and the aging of the system. Although some of the early DEQ inspection reports note "no discharge," it was not until the 1996 inspection that deficiencies related to violation of standards were identified.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL and EDA grants in combination with an SRF loan and local reserves. The applicant stated that TSEP grant assistance is essential and without TSEP funding the project will not proceed. While all funding sources are not firmly committed, each has been contacted and has expressed interest in the project. The EDA program has indicated an interest in funding the project, but that its funds would probably not be available for this project until the federal fiscal year 2002. The CDBG and RD programs are considered as backup sources of funding at this time. The MDOC reviewer noted that the applicant thoroughly evaluated all of the various funding sources.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than

those related to the construction or operation of the wastewater system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that additional population and business growth is limited. The Virginia City/Nevada City area is in a unique situation. Because of the recent purchase of the Bovey properties by the State of Montana, there are new opportunities for both existing and potentially new businesses in the area. The state properties are now overseen by the Montana Heritage Commission (MHC), which provides strong management and marketing of the properties. These combined factors should result in a continued growth of tourism in the area. This obviously will not only benefit the existing area businesses (including the MHC properties), but will also provide opportunities for new businesses.

The applicant stated that while the town has not yet set an official moratorium on sewer hookups, the town has not allowed any new hookups by large commercial entities. Only a handful of residential hookup permits have been issued over the last few years. At the height of the season, more than 200 employees, volunteers and concessionaires work with state owned resources, while an additional 100 or so private business employees in state owned facilities play a significant role in the economy of the town. At least some, if not all, of these jobs are in jeopardy if sufficient wastewater facilities are not in place in order to ensure proper health and safety to the public.

There is a concern that should the DEQ pursue enforcement action, businesses in town may be shut down. Some businesses, particularly bars, restaurants and hotels, may be impacted by their potential inability to obtain licenses from the state. Such an occurrence would obviously result in the loss of a substantial number of jobs. There are similar concerns about the situation of Nevada City. Of particular concern are several cabins, rented to tourists on a nightly basis, that do not have adequate wastewater disposal systems. Should the county sanitarian take enforcement action, the MHC may have to discontinue use of these cabins and probably close down the other tourist attractions in the area that require public restroom facilities. This would result in a loss of not only several jobs directly related to these facilities, but also the potential for jobs associated with the Nevada City Hotel and Star Bakery Restaurant should tourists quit frequenting the area due to the inability to view Nevada City attractions.

The proposed project and its direct result in a business expansion are not as clear cut as job retention. The applicant stated that talks regarding a railroad museum, railroad tracks, and a privately funded major hotel have occurred, although they are still in the early planning stages. The proposed improvements will expand the existing tax base by providing the basic public infrastructure necessary to support economic and business growth along with increased population. By providing the basic services necessary to afford business and population growth, expansion of the tax base is encouraged. The proposed wastewater treatment project will also allow a significant portion of town, the northern section, to be opened up for growth. This area is not currently served by a central wastewater system.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the wastewater system problems have been discussed at town meetings since 1995. The proposed project has also been on the agenda at MHC meetings. Several Virginia City and Nevada City residents often attend these meetings, which are typically held either in Virginia City or Helena. The application contains numerous excerpts of minutes from the town meetings dating back to October 5, 1995, and also from the MHC meetings. At meetings in December of 1998 and January and July of 1999, to discuss the preliminary findings of the wastewater facility plan and to solicit comments. The estimated costs for the new system were discussed at these meetings. A range of \$26 to \$35 per user per month was stated. The application contains the advertisement, sign in list, handouts, and minutes of the July public hearing. In January of 2000, the council held a special meeting to discuss the close out of a current water project and the proposed wastewater project. Letters were sent out to the residents and businesses in the Nevada City corridor. The council decided that consensus with the

Heritage Commission must also be obtained. The town's engineer gave a presentation to the MHC during a meeting in Helena on February 9, 2000. The application contains a copy of the informational handout. The MHC was supportive of partnering with the town on the project and offered \$1,500 for their share of producing the application. On April 20, 2000, the council held another public hearing on the TSEP application, which was advertised in the local newspaper. Notices of the meeting were also placed at the post office, town hall and courthouse. In addition to the council members, 26 people were in attendance. Copies of the legal notice, poster, agenda, handouts, minutes, and list of attendees for this meeting are included in the application. The applicant stated that it was discussed at the hearing that average wastewater rates would increase between \$32.45 and \$68.90 depending on the funding sources involved, but that the information was inadvertently left out of the minutes. However, the MDOC reviewer noted that the information was included in the handout provided to the public.

The applicant stated that several people spoke up in support of the project. One letter was received and read at the hearing that objected to Nevada City being included in the project while the rest of Virginia City was not. The council noted that Nevada City is being included because the outfall line is going right through the area and the users, who are already in place, are willing to pay for collection system improvements. The council also noted that once the north area of the town is ready to expand, the property owners could get together and pass a SID to pay for the collection system improvements and wastewater treatment expansion if required. Several organizations and individuals from both within and outside of the community sent letters of support for the project.

The town completed community needs assessments in 1987, 1988, and again in 1992. A CIP was approved in 1997, covering the community's water, wastewater and street system facilities. The highest priority now remaining is this project.

TSEP Application Summary for the 2001 Legislature
Project No. 6
Applicant: TOWN OF FROID FOR WASTEWATER IMPROVEMENTS

This application received 3,948 points out of a possible 4,900 points and ranked 6th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$390,600.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$390,600	Awaiting decision of legislature.
SRF	Loan	\$ 33,000	Application to be submitted July 2001.
CDBG	Grant	\$347,600	Application to be submitted 2001.
CDBG	Grant	\$ 10,000	TA grant funds committed.
Project Total		\$781,200	

Median Household Income (MHI):	\$14,861	Total Population:	192
Percent Non-TSEP Matching Funds:	50%	Number of Households:	118

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$54.00	-	Target Rate:	\$24.52	-
Existing Wastewater Rate:	\$14.00	-	Rate With TSEP Funding:	\$68.00	277%
Existing Combined Rate:	\$68.00	277%	Rate With No TSEP Assistance:	\$94.99	387%

Project Summary

History – The town's wastewater system dates back to the mid-1900s. A majority of the sewer mains are constructed of clay tile pipe over 50 years old. The three-cell facultative lagoon and primary lift station, including the modification of a second lift station, were constructed in 1994, with new controls and pumps installed in 1996.

Problem – The town's wastewater system has the following deficiencies:

- ☐ sewer main plugs resulting in raw sewage backing up into buildings,
- ☐ increased operation and maintenance costs due to current sewer main flushing/cleaning requirements,
- ☐ infiltration/inflow problems, and
- ☐ rising electrical consumption due to lift stations frequently operating to handle the infiltration entering the collection system.

Proposed Solution - The proposed project would:

- ☐ replace approximately 9,000' of sewer mains, and
- ☐ replace 31 manholes.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that a serious public health risk have occurred in portions of the community and will continue to occur on a periodic basis, and with greater frequency in the future, as the collection system ages. No illness, disease or gross environmental pollution has occurred but the potential for these hazards to occur in the near-term is significant. Based on letters in the application, users that had blockages in nearby sewer lines experienced substantial property loss and cleaning bills from raw sewage entering their homes. The application indicated that groundwater was also being polluted as a result of the problem with the sewer system. However, no evidence was provided to support this statement.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 828 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 6th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45%. The relative concentration of persons living at or below the *LMI* level ranked 11th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 12.6%. The relative concentration of persons living at or below the *Poverty* level ranked 22nd out of the 38 applications.

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have

not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted that the PER provided a cursory response to the requirements of the PER outline and lacked specific supporting information required to verify project need. The PER was not comprehensive in addressing the entire wastewater treatment and collection system. While the sewage collection system has obvious problems, a thorough evaluation of the system was not provided. The PER did not evaluate the sewage treatment systems and the two lift stations. The basis and scope of the alternative selected was not well defined, although affordability was a primary factor in determining the size of the project. These potentially significant issues that were not addressed raise serious questions regarding the selected alternative and whether this project will address the problems now and in the future. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that the development of the proposed project was initiated eight years ago, with the completion of an income survey and community needs assessment in 1992. In 1997, the town, in conjunction with the Great Northern Development Corporation (GNDC), conducted public hearings and a community needs assessment. With assistance from GNDC, the town developed an Overall Economic Development Plan and a CIP. In October of 1997, the applicant adopted the CIP. Both of these documents were included in the application. The applicant stated that the deficiencies with the wastewater system are not the result of inadequate operation and maintenance, but that the sewer mains have surpassed their design expectancy. Since 1997, the wastewater system's O&M budget has been increased to compensate for the rapid deterioration of the 50-year-old vitrified clay-tiled pipes that facilitate infiltration and inflow problems and increased electrical costs. The consequences of the increased O&M costs have been less reserves to finance the replacement of sewer mains. To budget for this project, the applicant increased user rates to subsidize the replacement costs. The \$7.00 sewer base fee was increased to \$10.00 in November of 1997 and to \$14.00 in May of 1999. The applicant stated that between 1993 and 1996 the town spent \$1.2 million for a new water treatment plant. Problems associated with the new water plant's operation and maintenance have caused the community to encounter revenue losses.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package using TSEP and CDBG grants and an SRF loan. The applicant stated that it is unable to meet the conditions of a large long-term obligation associated with RD and conventional financing due to current rates. The applicant investigated the RRGL program but

determined that the \$100,000 maximum grant was too low. If needed, the applicant may access the INTERCAP program for interim financing. The applicant also stated that it does not have available the option to raise sewer rates to assist in financing the proposed project as rates would not be affordable. The town's user rates are currently 277 percent of the combined target rate established by MDOC, and to implement this project using loan funds the user rates would need to be raised again. As a result, a TSEP grant is essential to keeping user rates reasonably affordable. The applicant stated it has had discussions with the CDBG program relative to the financial hardships faced by the town and based on these discussions, the applicant stated that it would appeal to the CDBG program to waive the 25 percent local match requirement due to hardship. The applicant stated that a needs survey was conducted in 1992 which documented a LMI percentage of 54 percent.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that 12 businesses and the school system, are at risk because of the inadequate wastewater system. With Main Street having the worst section of deteriorated sewer mains, the majority of businesses in the town would be exposed to raw sewage if the wastewater system should fail. The applicant stated that another repercussion that may discourage businesses interested in relocating or expanding is the ground water contamination affiliated with the collection system's infiltration and inflow problems. The applicant included three letters that stated raw sewage had backed up into their basements. The applicant is not aware of any local business expansion that would occur as a result of this project. The Applicant stated the wastewater system is not able to handle more flow, and the infiltration and inflow problems in the collection system would not allow any manufacturing or light commercial industries to operate.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that in 1992 an income survey was conducted door-to-door, with telephone calls as a follow-up measure, to ensure a valid response. These efforts resulted in 93 out of 100 surveys being received, documenting a 54 percent LMI level. A copy of the survey and its results were included in the application. The town updated its community needs assessment in 1997. The application included numerous newspaper articles and press releases relative to the assessment. While developing a CIP,

public hearings were held on September 9, 1996 and September 23, 1997 to provide opportunities for residents of the town to express comments and concerns regarding the town's community development needs and priorities for economic development, housing and community revitalization and public facilities. The applicant held a public hearing relative to the project on April 10, 2000. The applicant stated that it does not anticipate an increase in taxes, special assessments or user charges as a result of the proposed project because the current rate structure coupled with a decrease in O&M costs will cover the proposed debt. The minutes, attendance sheets, legal affidavits and posters relative to the meetings were included in the application.

TSEP Application Summary for the 2001 Legislature

Project No. 7

Applicant: TOWN OF NASHUA FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,940 points out of a possible 4,900 points and ranked 7th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
SRF	Loan	\$ 276,179	Application submitted and rates in place.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
CDBG	Grant	\$ 450,000	Application to be submitted in May 2001.
Applicant	Cash	\$ 7,756	Funds committed.
Project Total		\$1,333,935	

Median Household Income (MHI):	\$16,550	Total Population:	381
Percent Non-TSEP Matching Funds:	63%	Number of Households:	164

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$21.50	-	Target Rate:	\$27.31	-
Existing Wastewater Rate:	\$ 5.75	-	Rate With TSEP Funding:	\$47.00	172%
Existing Combined Rate:	\$27.25	100%	Rate With No TSEP Assistance:	\$67.64	248%

Project Summary

History – The town's wastewater system lagoons were built in 1965. The town purchased land in 1995 in anticipation of the proposed wastewater system improvements. The town completed an emergency sewer main replacement in 1999.

Problem – The town's wastewater system has the following deficiencies:

- ☐ lagoons leak, causing accelerating erosion of the bank and creating a health hazard, at times the lagoon has had to be pumped out onto an adjacent field to avoid overflow and complete loss of the bank.
- ☐ lift station overflows into the storm sewer, which takes the waste directly to the river,
- ☐ lack of back-up power causes raw sewage to flow to the Milk River during some power outages or when the system becomes temporarily overloaded, and
- ☐ lagoon bank erosion caused by a combination of seepage from the lagoon through the bank and natural meandering of the Milk River.

Proposed Solution – The proposed project would:

- ☐ reconstruct the treatment system to include a lined, three-celled flow through discharging facultative lagoon,
- ☐ install new lift-station pumps, and
- ☐ install a generator at the lift station for back-up power.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that environmental damage has occurred as a result of lift station bypasses and degradation of state waters is most likely occurring as a result of the severe lagoon leakage. The system's deficiencies violate federal and state water quality standards. Any water quality violation represents a significant threat to the public when public access exists. The community has no way of controlling the area down gradient of the leakage/discharge to prevent human contact. Human contact can occur through vectoring even if people are kept out of the danger area.

When scoring the project, it was determined that the existing deficiencies constitute a serious threat to the environment and to public health and safety. The deficiencies are long-term, continual and affect the entire community, and illness or disease is possible in the near-term as a result of incidental, short-term or casual contact. However, downstream Milk River recreational users and residents are most at risk from potential health hazards.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 720 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 8th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 51%. The relative concentration of persons living at or below the *LMI* level ranked 9th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 20.5%. The relative concentration of persons living at or below the *Poverty* level ranked 9th out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the engineers did a model job in evaluating the wastewater system. There were no issues of any significance that were not adequately discussed. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the town has been pursuing ways of solving the erosion problem with the Milk River encroachment since 1986. A preliminary engineering study was prepared in 1992 that suggested the need for a facility plan; however, the town opted to proceed with a water supply tank project that was considered a higher need. In 1994, the town commissioned a study of the lagoon system that determined that the lagoons must be leaking excessively and advised the town to purchase nearby land for expansion away from the Milk River. The land was purchased in 1995. In 1997, the town installed a meter on the lift station discharge in order to monitor flows. The town finally hired an engineer in 1998 to produce a facility plan.

The town has received a discharge permit, which requires that the proposed improvements be constructed. The letter of approval was contained in the application. An emergency sewer line replacement was completed in 1999. The town funded a water system analysis in 1994, which determined that the water storage tank was in a serious state of disrepair. It was made the highest priority in the town's 1992 CIP and the improvements were completed in 1996. In 1999, the town conducted a new needs assessment and updated the CIP. The comprehensive CIP, included in the application, was adopted in March 2000. The resolution adopting the CIP requires that it be updated annually. The CIP indicates that wastewater system improvements are the town's highest priority. The applicant said the town exhausted all reserves on an emergency sewer main repair in 1999, but is now again building its reserves through rate increases. The CIP calls for a continuation of the fund for sewer line replacement.

Water rates increased from \$4.25 in 1995 to \$22 by 1999. Since 1999, sewer rates have increased from \$5.75 to the current \$21.50, and will increase to \$26.25 in July 2001. The resolution for the sewer rate increase was included in the application.

The MDOC reviewer noted that there was a long time lag between when the town first knew of the seepage problem and when it finally took action to proceed with the proposed project. The town has been aware of the seepage problem since 1970, when the state Department of Health sent a letter of concern. That letter referred to the town having a plan to try and stop the seepage, but the plan was not implemented. In 1977, the state again informed the town of its concerns over both the erosion of the lagoon bank and the leakage from the lagoon. The state decided not to renew the town's discharge

permit in 1979. In 1992, a report was prepared by Northern Montana College and Montana Rural Water Systems noting continuous discharge. The town was cited by DEQ for illegal discharge from its lagoon in 1993.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an SRF Loan. The town is not eligible for RD assistance, as they do not have water meters nor do they plan to install them at this time. The town's engineer determined that meters are not economically justified, so the town will wait to install meters until the advent of the Dry Prairie Rural Water System which is expected to require the meters. According to the applicant, the maximum ten-year loan term from INTERCAP, and commercial banks' high interest rates would make payments unaffordable for the residents, therefore, the SRF program will be used for the loan portion of the package.

Without TSEP funding the rates would be 248 percent of the target rate, making TSEP funds critical to constructing the improvements, since no other grant funds would be available.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that even though business development is a high priority in the CIP, the project would not result in any business expansion. However, the MDOC reviewer noted that the town's proposed improvements should at least maintain, if not encourage expansion of the tax base. The town does attract residents from the more costly living areas such as Fort Peck and Glasgow. However, but if rates continue to increase those residents may decide not to locate to Nashua, thus decreasing the potential for expansion of the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the

applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the town conducted an income survey in 1994, with an 85 percent response rate. A comprehensive CIP was adopted as a result of that survey, which was included in the application. The CIP clearly states that the wastewater system improvements are the highest-ranking priority. The town also conducted another needs survey in 1999, with an 80 percent response rate. The applicant held hearings on the proposed improvements in January and February of 1999. On February 26, 1999, a meeting, which 23 people attended, was held at the senior center to discuss issues facing the water and sewer system. Thirty-two residents were in attendance at a hearing held on March 26, 1999 to discuss the proposed lagoon system improvements. The consultants discussed the cost per household at a hearing on February 1, 2000 before a crowd of 17. The hearing also included discussion about the submission of the TSEP application, the proposed CIP, and the needs assessment. Copies of sign-in sheets, agendas, minutes, and affidavits of legal notice publications, from all aforementioned meetings and hearings were included in the application. The Application also included letters of support, and news articles pertaining to the wastewater improvements.

TSEP Application Summary for the 2001 Legislature
Project No. 8
Applicant: RICHLAND COUNTY FOR BRIDGE IMPROVEMENTS

This application received 3,916 points out of a possible 4,900 points and ranked 8th out of 38 applications.

The applicant's bridge levy as a percent of MHI is 150 percent of the state median. Therefore, **MDOC recommends the requested TSEP grant of \$296,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$296,500	Awaiting decision of legislature.
Applicant	Cash	\$296,500	Funds committed.
Project Total		\$593,000	

Median Household Income (MHI):	\$23,264	Total Population:	10,716
Percent Non-TSEP Matching Funds:	50%	Number of Households:	4,009

Project Summary

History – All three bridges cross the U.S. Bureau of Reclamation Main Canal.

West John Berger Bridge – The West John Berger Bridge is a bridge constructed in 1952 as private access to pastureland and a residence. The county took over ownership of the bridge in 1961.

Problem –

- ☐ built with old used railroad car steel girders and wood decking, the "homebuilt" structure has been over-stressed through normal usage by modern feed trucks and oil-related equipment,
- ☐ channel reshaping and the resulting severe erosion at the bridge ends, has resulted in the bridge's length being too short for the channel, and
- ☐ bridge ends have no wing walls to retain the approach fills.

Savage Spillway Bridge – The Savage Spillway Bridge is a single lane, wooden bridge that was built in 1909. Richland County accepted the maintenance of the bridge in 1916. In 1940, modifications to the structure were made.

Problem –

- ☐ only a single lane,
- ☐ poor alignment to the road approaches,
- ☐ no guardrails,
- ☐ timber deck is badly worn,
- ☐ timber girder beams: light cracks, one broken and all others are weathered,
- ☐ timber columns: two piles have deep cracks and others are weathered, and timber caps at abutment are weathered and cracked.

South Cemetery Road Bridge – The South Cemetery Road Bridge is a wooden bridge that was built in 1961.

Problem –

- ☐ not a clear span,
- ☐ debris accumulates on the piling in such magnitude that additional scour along the back walls results due to the increase in water turbulence and the reduction of the channel opening,
- ☐ settling at the bridge approaches,
- ☐ timber deck is splitting/cracking; section loss is occurring,
- ☐ timber girder has horizontal cracks and a bottom broken,
- ☐ timber columns: piles are splitting/cracking from the top,
- ☐ fender boards are splitting and falling, missing at all the bents as well as marked by heavy sand abrasions, and
- ☐ timber caps all have deep cracks, including light crushing over an outside pile.

Proposed Solution – The proposed project would replace all three bridges.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that the most recent MDT inspection for the Berger Bridge gave it a 30.7 NBI Sufficiency Rating (SR); the NBI Bridge Appraisal Rating for the overall structure is a two; and the NBI Element Condition Rating for the deck is a three, the superstructure a two, and the substructure a two. The most recent MDT inspection for the Savage Spillway Bridge gave it a 53 NBI SR; the NBI Bridge Appraisal Rating for the overall structure is a four; and the NBI Element Condition Rating for the deck is a six, superstructure a five, and the substructure a four. The most recent MDT inspection for the South Cemetery Road Bridge gave it a 52.1 NBI SR; the NBI Bridge Appraisal Rating for the overall structure is a four; and the NBI Element Condition Rating for the deck is a five, the superstructure a six, and the substructure a four.

For the Berger Bridge, significant risks to public safety clearly attributable to the deficiencies in bridge have occurred or are imminent. There are no long-term management practices that would reduce the risk. However, the bridge provides access to only one residence, and is utilized by agricultural equipment and oil production equipment. As a result of its limited use this bridge was scored at a level four.

For the Savage Spillway Bridge and the South Cemetery Road Bridge, significant risk to public safety clearly attributable to the deficiencies in bridges are likely to occur in the long-term if the deficiencies are not corrected. There are no long-term management practices that would reduce the risk. Serving as sole access to several sections of farmland and as a main farm to market route, a failure of these bridges would impact a substantial portion of the community. These two bridges were scored at a level three.

A composite score of a level three was assigned, based on how the individual bridges were scored and their proportional cost that each project represents of the total project cost.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 756 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 26th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36%. The relative concentration of persons living at or below the *LMI* level ranked 28th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 14%. The relative concentration of persons living at or below the *Poverty* level ranked 17th out of the 38 applications.

Indicator 2. Financial Analysis: 5th Quintile = 540 points. Scores are assigned based on the degree to which applicants have ensured that bridges in their counties are adequately funded. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to applicants that appear to have done everything possible to ensure that bridges in their counties are adequately funded.

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score.)

Bridge levy as a percent of MHI	.06%
Bridge levy as it relates to the state median of .04 percent	150%
Entire levy as a percent of MHI	2.22%
Entire levy as it relates to the state median of 2.93 percent	79%
1999 mill value as a percent of 1986 mill value	21%
1999 bridge mills as a percent of 1986 bridge mills	471%
Ratio of 1999 bridge levy to 1986 bridge levy	98%

The applicant stated that the county's tax base has been decreasing for several years and has affected the county's financial position in an adverse way. In addition to the decreasing tax base, the county also receives non-tax revenues from oil and natural gas production. With the downturn in the oil industry, this resource has not been able to aid the county's financial condition. Since 1991, the maximum mills have been enforced. The applicant provided a table that showed that in 1987, 2.35 bridge mills generated \$239,950 in property tax revenues, while in the year 2000, 11.06 bridge mills generated \$219,563. This shows a 79 percent decrease in mill value. In addition, two emergency mills were levied by the applicant to repair bridges damaged by floodwaters in 1997. These emergency mills were followed by a local vehicle option tax (LVOT) that was imposed strictly for bridges in fiscal years 1998 and 1999. The county was also able to impose five additional mills pursuant to 7-14-2503, MCA, for fiscal years 1997 and 1998. The county provided a copy of their bridge CIP in the application. All bridges less than 20' have been inventoried. The CIP is a working document and is utilized daily as a reference. The CIP shows potential funding for repair and replacement of the bridges. Over the past ten years the county has expended over \$1.5 million on bridge repairs or rehabilitation. The bridge levy is 150 percent of the state median MHI of .04 percent. The financial analysis was scored a level four because it appeared that the county has made strong efforts to fund bridges compared to the other TSEP bridge applicants.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the applicant has proposed an appropriate, cost-effective, long-term solution for the replacement of the three bridges. The population projections provided in the PER do not adequately address the question of expected changes in the population in regards to the users of the bridge. Instead, the PER discussed expected changes in the population due to the removal or replacement of the bridges. The applicant did not provide the bridge inspection data with the original application for the Berger Bridge. MDT had conducted the analysis but had not gotten the inspection data back to the county by the due date for the application. MDT provided this inspection data for the Berger Bridge at a later date for the reviewing engineer. These issues were considered minor and do not raise serious questions regarding the appropriateness of the alternative selected.

Environmental concerns were adequately addressed and no long-term adverse affects were identified. Construction scheduling will need to work around the seasonal use of the irrigation canals.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that during the past ten years, the county has had a progressive bridge replacement and repair program. Since 1991, the maximum mill levies have been enforced. In 1997 and 1998, five special mills were added for municipal bridges. In 1992 and 1998, two emergency mills were assessed to address bridge damage caused by natural disasters. An LVOT was initiated on July 1, 1997, for a period of two years. Within the years 1998 and 1999, the LVOT generated an estimated \$185,000 annually, which was designated to the bridge capital funds. In 1998, these funds were utilized as match funds for the TSEP bridge project in FY 1999.

Over the last four years, the county has averaged \$134,126 a year on capital expenditures directly related to bridge replacement and repairs. This average spending has exceeded the budgeted amount of \$118,500/yr. A capital improvement account was created in 1992 as a funding source for capital equipment as well as bridge projects. In recent years, a variety of funding sources has been used to rehabilitate or replace county bridges. The MDT Save-Our-Secondary funds were used to rehabilitate four bridges. Three bridges have been replaced with MDT Highway Bridge Replacement and Rehabilitation Program funds in the last ten years. Two bridges have been replaced with Montana Disaster and Emergency Services funds. Also urban highway system funds were used to replace a 40' bridge with a 130' structure. Seventeen bridges, five low-water crossings, and 25 culverts/roads were replaced/repared with Federal Emergency Management Agency Disaster funding.

Since 1989, the county has used life-cycle analysis of all capital purchases. The county has had a dedicated bridge crew for over 30 years. The county has used the County Highway Resource Inventory System software since 1991. In 1991, the county undertook an in-depth analysis of its bridge system.

The county has adopted a CIP, which is updated annually, and utilized daily. In particular, the *Canal Bridge Structure Inventory* provides a detailed evaluation by the county of the canal bridges associated with the Lower Yellowstone Irrigation Project Bridge Evaluation. The replacement of the three bridges is the highest priority items listed in this long-term, comprehensive plan. The bridge CIP was included in the application. A historical study, which included an inventory of bridges located on the Lower Yellowstone Main Canal, has also been completed. The county conducted a countywide community needs assessment in 1996 (included in application). In November of 1989, an overall economic development plan was completed for the county and is updated on a continual basis. The deficiencies of the three bridges are not the result of poor maintenance or a reflection of improper operation. These structures were constructed of wood and have simply deteriorated over time through usage and exposure to the natural elements. The current proposed project represents the county's continuing efforts to implement its bridge CIP and demonstrates the high priority the county places on repairing and upgrading its bridge system.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with local funds. Once the proposed project was identified and alternative solutions evaluated, the county took a comprehensive look at its capacity to pay for the desired improvements locally, as well as the option of using outside funding sources, which might be directed to specific projects. The applicant stated that the MDOC's *County Bridge and Road Capital Improvement Planning and Financing Manual* was used as a reference in this evaluation. By describing eligibility requirements, the county was able to seek out and analyze funding sources including, but not limited to, local financing tools, debt financing, as well as other state and federal programs. It was concluded, the financial strategy best suited for the proposed project was for the county to provide a 50 percent local match, by utilizing the LVOT as well as the capital improvement and county in-kind match. The county is reluctant to consider any bonds or additional taxation, because it is anticipated the public would vote down this type of financing, especially after residents voiced strong opposition against the 1/2 percent LVOT. Therefore, additional indebtedness is simply not prudent or affordable to the county's residents, especially for households with low incomes.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project

would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction of the bridge. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that the proposed project is an infrastructure improvement that will benefit the entire community, and is not directly related to the expansion of a specific business or any long-term, full-time jobs that would be created or retained. However, the proposed projects will significantly impact the county, since the agriculture industry relies on modern farm equipment to increase production and remain competitive. With the inability of the three bridges to withstand the weight and width of most modern-day machinery, area farmers lose a competitive edge by the expense and time to travel a longer alternative route. This loss of income is especially prevalent during the harvesting season. Farmers are forced to incur additional costs associated with transporting commodities a further distance, several times during a day. In addition, the potential failure of these bridges could jeopardize the entire supply of irrigation water made available by the Lower Yellowstone Irrigation Project. If a failure were to happen at a peak demand time, about 35,000 to 50,000 acres would be affected. Lack of irrigation services following a breach would result in huge economic losses. With the proposed project, other businesses (i.e., oil field industry) will have the opportunity to cut operating costs, specifically travel expense, which, in turn, streamlines productivity and reducing the risk of employee layoffs. In particular, the South Cemetery Road Bridge, is one of the most essential bridges in the county since it directly adjoins the agriculture and oil field community to the industrial parks of Sidney.

The proposed project not only clearly maintains the county's private property tax base, but also strongly supports the expansion of it. The MDOC reviewer notes that the applicant has developed a well thought-out scenario of how the proposed projects could affect the county's agricultural and oil industries. A modern transportation system is essential to sustain economic viability. However, the applicant could have provided more substantial documentation using maps to show locations of farmsteads, oil fields, and the potential for loss of irrigation water from the canal as described above.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that the county held a public hearing on April 18, 2000. A public notice was published in the local paper on April 9. Posters were placed in seven locations around the county. At this public hearing residents and property owners were able to examine the impact the replacement of the three bridges would have on the county. Project funding and the technical issues were also discussed. Citizens were informed that it was not anticipated that there would be any additional increase in taxes (or other-related debt obligation). Twenty participants attended this public hearing. The minutes, notice of publication, and a copy of the poster were included in the application. On May 12, 1998, the first of three public hearings were held to explain the need for bridge projects as well as funding alternatives including state and federal programs that could be pursued. An affidavit of publication, minutes, attendee list and poster were included in the application. That hearing was for the TSEP application submitted in May 1998. The Richland County Housing Authority (RCHA) instigated a "promotional" campaign to identify and prioritize the county's community development needs and priorities dating back to July 1995. The RCHA sent needs assessment surveys to residents in the county. A public hearing was held on May 8, 1996 to discuss the survey. The MDOC reviewer noted that repair of the county's bridges was discussed in the survey. The application included one letter of support from the manager of the Lower Yellowstone Irrigation Project. On May 3, 2000, an article was featured in the Sidney Herald-Leader, which explained the proposed project, including project costs and location, TSEP requirements, etc. A copy of the article was included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 9
Applicant: TOWN OF LAVINA FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,800 points out of a possible 4,900 points and ranked 9th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, MDOC recommends the requested TSEP grant of \$483,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$483,000	Awaiting decision of legislature.
CDBG	Grant	\$390,000	Application to be submitted in 2001.
SRF	Loan	\$121,000	Contacted, project on priority list, application to be submitted October 2001.
Project Total		\$994,000	

Median Household Income (MHI):	\$16,094	Total Population:	151
Percent Non-TSEP Matching Funds:	51%	Number of Households:	85

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$9.66	-
Existing Wastewater Rate:	\$10.05	104%	Rate With TSEP Funding:	\$18.00	186%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$56.95	590%

Project Summary

History – The town's original collection and treatment systems were constructed in 1953. In 1967, a new lift station and treatment facility, consisting of a single cell lagoon, was constructed. In 1970, the pneumatic lift station was replaced with a submersible pump station and the 4" force main to the lagoon was replaced with an 8" PVC main. No major improvements have been completed on the system since 1970.

Problem – The town's wastewater system has the following deficiencies:

- ☐ substandard, unreliable lift station, resulting in sewage back up into residents' crawl spaces and basements,
- ☐ unlined lagoon leaks approximately 25 times the DEQ standard, polluting local groundwater and the Musselshell River,
- ☐ treatment detention capacity for the lagoon does not meet the DEQ standard of 180 days detention time for facultative lagoons. Detention capacity for the lagoon is 94 days for domestic flows and less than 20 days for infiltration-laden flows; clay tile pipe is plagued by severe infiltration.
- ☐ infiltration-laden summer flows are approximately six times the baseline domestic flow for the system, due to ground water inundation of the sewer mains,

- ☐ single cell configuration does not meet the DEQ standard of a three-cell lagoon for facultative treatment systems,
- ☐ treatment facility discharges to the side channel of the Musselshell River, and
- ☐ lift station configuration causes surcharging of several blocks of sewer main each time the pump cycles, resulting in corrosion of manholes and accumulation of solids resulting in clogging problems.

Proposed Solution –The proposed project would:

- ☐ replace all gravity collection mains, manholes, and service connections within the zone of groundwater inundation,
- ☐ construct a new duplex submersible lift station and a back-up gas-fired pump,
- ☐ construct a lined three-cell facultative lagoon, and
- ☐ install a discharge pipe to the main channel of the river.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that the health and safety standards being violated represent a significant threat to both health and safety. There is clear documentation that the wastewater system violates state and federal health and safety standards for protection of groundwater. The town violated the biological oxygen demand limit four times and the total suspended solids limit two times in 1996. Groundwater in Lavina is very shallow at 5' to 15' below the ground surface. There is no central drinking water system serving the town. Each individual home and business is serviced by its own well for domestic uses. Although no specific cases of well contamination from lagoon leakage have been documented, nearly all of these wells are shallow and very vulnerable to such contamination. Coliform bacteria contamination has been detected in water samples in at least one domestic well, this contamination was the result of a sewer back up caused by a mechanical break down of the lift station.

The MDOC review engineer noted that the Central Montana Health District Sanitarian's Office, stated in a letter dated March 24, 2000 that deterioration of the transportation lines of Lavina's sewage system is presently causing the ground water source that local business and residents use to test positive for fecal coliform.

When scoring this project, it was determined that serious consequences attributable to the deficiencies in the wastewater facilities described above are likely to occur in the near-term if not corrected. These deficiencies, which are existing and continual, affect the entire community, however, those residents located closer to the lift station may be affected considerably more than others.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 720 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 7th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 49%. The relative concentration of persons living at or below the *LMI* level ranked 10th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 19%. The relative concentration of persons living at or below the *Poverty* level ranked 10th out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that additional I&I studies on the collection system need to be conducted, and the issue of eliminating residential sump pumps should also be addressed. However, when scoring the project these were considered minor deficiencies and did not raise serious questions regarding the appropriateness of the selected alternative.

Environmental concerns were adequately addressed and no long-term adverse affects were identified. The MDOC review engineer noted that the proposed improvements will have a net positive impact on the environment after construction is complete by eliminating the contamination of groundwater through lagoon percolation, and contamination of groundwater through the malfunctioning lift station.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that Lavina has been progressive in undertaking planning efforts for the improvement of the community. The town did not have a sewer fee, sewer ordinance, or sewer enterprise fund until 1996, but at that time the council implemented a flat residential rate of \$10.05 per month. Implementation of the sewer rate and enterprise fund has allowed the town to maintain a regular operation and maintenance effort on the wastewater system. The town has established a sewer reserve account to address present system problems, unexpected O&M costs, and for future major projects.

In September 1997, MSU Northern evaluated the wastewater system. The evaluation noted operational and facility deficiencies, and provided corrective recommendations. The evaluation also

noted several deficiencies with the system that are due to the design and condition of the facility infrastructure. The town implemented all of the operational and maintenance recommendations, which has improved the performance of the system.

In the fall of 1999, the town conducted a community needs assessment survey, which was included in the application along with the results of the survey. The improvements to the wastewater system were the number one priority. The draft facility plan results were discussed at public meetings held after its completion in January 2000. The plan was approved by DEQ on April 25, 2000, subject to the results of the mandatory public advertisement period and subsequent environmental assessment. A copy of the approval letter was included in the application. The town adopted a mini-CIP on April 25, 2000 that covers the community's water, wastewater, and street system facilities. The mini-CIP was included in the application.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of CDBG and TSEP grants in combination with an SRF loan. The MDOC reviewer noted it appeared that the town thoroughly examined and discussed all of the potential funding avenues available for its project, and a detailed discussion of potential funding programs was included in the application. The town will pursue RD funds if either the CDBG or the TSEP applications are unsuccessful. An RRGL loan was considered, but SRF loan rates are lower. An RRGL grant was considered, but the proposed project may not be especially competitive because it does not clearly document benefits to renewable resources and the applicant stated that the grant is unnecessary to fund the project.

The MDOC reviewer noted that although current census information shows the town only has an LMI of 49 percent and does not meet the 51 percent LMI requirement for CDBG eligibility, the applicant stated the town will be conducting an income survey in the spring of 2001 to establish that they do meet the LMI threshold.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the existing wastewater system has discouraged additional population, development and business growth. Letters included in the application indicate the need for sewer services from present or potential interests in Lavina. The town rejected a modular home court because the system could not handle the additional hook ups. The applicant feels the informal moratorium on development instituted by the town is holding back growth of the community. Completion of the project,

designed in such a manner as to allow expansion should the community grow at a rate faster than anticipated, will allow new entities to move into town and increase the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the first public information meeting about the proposed project was held in December 1999. Public hearings were held on February 29, 2000 and April 25, 2000, with 25 people in attendance at the first hearing and seven people at the second. Rates were discussed, and according to the applicant, there was consensus that the rate increase to \$18.00 per month with the proposed funding package is reasonable. Copies of legal notices, minutes, handouts, and the sign-in sheets from these hearings, were included in the application. The application also included several other minutes from town council meetings going back to 1990 that dealt with the wastewater facility problems. The application included several letters of support for the proposed improvements.

Sixty percent of the town's households responded to a needs assessment survey conducted in the fall of 1999. The application included the survey along with its results. According to those results, sewer improvements were ranked the highest of all public facilities. The town adopted a mini-CIP on April 25, 2000 that covers the community's water, wastewater and street system facilities. The wastewater improvements are the number one priority in the plan. The mini-CIP was included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 10
Applicant: GARDINER-PARK COUNTY WATER DISTRICT, PARK COUNTY
FOR WATER SYSTEM IMPROVEMENTS

This application received 3,752 points out of a possible 4,900 points and ranked 10th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$398,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$398,500	Awaiting decision of legislature.
SRF	Loan	\$169,637	Application submitted.
Applicant	Cash	\$230,206	Funds committed.
Project Total		\$798,343	

Median Household Income (MHI):	\$25,923	Total Population:	631
Percent Non-TSEP Matching Funds:	50%	Number of Households:	275

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$30.42	-	Target Rate:	\$42.77	-
Existing Wastewater Rate:	\$14.06	-	Rate With TSEP Funding:	\$44.48	104%
Existing Combined Rate:	\$44.48	104%	Rate With No TSEP Assistance:	\$49.51	116%

Project Summary

History - The district made several major improvements to the system in 1996, but was not able to complete all of them due to financial constraints. A water main on Scott Street (the main highway and the only road to the North entrance to Yellowstone Park) also needs to be replaced. MDT is planning to make improvements to Scott Street, and by coordinating the proposed project with the MDT improvements, the district will save over \$100,000 in costs by eliminating the need for special soil-cement slurry and duplication of traffic control and mobilization. In addition, the highway will be disturbed only once causing less impact on businesses and traffic than two separate projects would. A hotel and bank are currently served by a substandard private system. The private system's connection and tank has been cited as substandard by the DEQ creating a threat to both the private system users and the district's users.

Problem – The district's water system has the following deficiencies:

- ☐ a private water system that draws water from the spring source has a connection box where an HDPE pipe and metal pipe are connected by a thin clamp. If the clamp fails, the HDPE pipe would siphon water in the connection box. The connection box has had dead rodents floating in it.
- ☐ water main on Scott Street has only a 3' to 4' of cover, and has the potential freeze and heave,

- which is a threat to is a threat to cross-connections,
- ☐ chlorinated water from the Park Tank will overflow before the new spring overflow at the North Tank, and
 - ☐ the 4" main on Scott Street does not provide sufficient fire flow or allow hydrants to be placed on this main since the line is too small.

Proposed Solutions – The proposed project would:

- ☐ replace water mains along Scott Street,
- ☐ add new hydrants along Scott Street,
- ☐ abandon the private system and connect the hotel and bank to the district's system, and
- ☐ adjust the spring overflow elevation by lowering it 6" or making it adjustable.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that the sanitary deficiencies within the private system are well documented in letters written by DEQ to the owners of the private system. The cross-connection with the private system presents a potential health hazard for the district, and while a health problem clearly attributable to the deficiency is not known to have occurred to date, the probability of occurrence in the short-term seems reasonable. With regard to the probable leakage occurring from the Scott Street mains, it is likely that fire fighting would be compromised and backflow from groundwater or unknown cross-connections within the district would occur if system pressure was lost or significantly lowered by a large leak. The overflow of chlorinated water out of the Park Tank is a source of pollution to the environment. This occurrence has been documented in letters written by DEQ. Overall, the serious consequences clearly attributable to the deficiencies identified were characterized as long-term issues, even though some of the deficiencies have a reasonable probability of occurrence in the near-term.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 32nd out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 28%. The relative concentration of persons living at or below the *LMI* level ranked 36th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 8.0%. The relative concentration of persons living at or below the *Poverty* level ranked 34th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 432 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the applicant could have more thoroughly examined the alternative of providing better backflow prevention measures at the cross-connection with the private system, however, this issue was not considered to be an issue of any significance since the proposed elimination of the cross-connection is the most appropriate alternative. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that a master plan for the system was developed in 1993. In 1999, the district hired an engineer to construct another computer model noting all the updates from 1995 to 1999. The district adopted a CIP for its water system in April 2000. The resolution adopting the CIP specifically states that the Board must review and update the CIP in January or February of each year. The resolution and CIP were both included in the application. Both the PER and the CIP list the proposed improvements as the number one priority. There is no growth management plan in Gardiner, as it is not an incorporated municipality.

The applicant stated that the district is attempting to coordinate these proposed improvements with the MDT. This foresight in planning will save the district substantially in its improvements.

In 1995, the district was awarded TSEP funds and made several major improvements to the system including replacing the main crossing the Yellowstone River. In the process, the district incurred \$820,000 in debt. The district not only met its promised match listed in the TSEP application, but added \$60,000 more of its reserves and borrowed an additional \$110,000 in order to proceed with the project. During this same time period the district attempted to make improvements to Scott Street, but when the single bid for the project came in high, the district had to drop the Scott Street work until it could build its reserves. Funding restrictions required the district to make the choice between whether to do the bridge crossing or replace the pipe in Scott Street. Concerns over the condition of the buried pipe in the Yellowstone left the district no choice but to pursue the bridge crossing. In 1997, the district built a small pipeline extension to serve high-elevation residences in the Main Zone with water from the higher Jardine Zone.

The applicant also stated that the district has always kept O&M budgets high, with yearly contributions to a depreciation fund averaging \$50,000. Even with an additional debt service of \$15,602 per year, the district will still be able to maintain contributions to its depreciation and replacement fund between \$35,000 to \$50,000 per year. The replacement and depreciation reserve will reach \$250,000 by year 2002. Use of that reserve is earmarked for the proposed project. This will still leave the district with all other reserves in place to cover emergencies and unforeseen repairs.

The district's water system operator of ten years is very experienced and has two part time assistants. The district reads meters monthly, and is currently completing a leak detection program having purchased its own listening equipment. The entire district is metered, and rates are established using the ratio of service line area divided by the area of a ¾ inch service line to determine equivalent users. The district has also begun work on its source water protection program and has implemented a monthly newsletter. The well, drilled in 1996, met all DNRC requirements for wellhead protection.

The problems are not of recent origin and are not due to lack of maintenance on the part of the district. The district has no legal authority or control over the private system other than to make sure that it is separated from it. The system now has a double check valve to ensure the separation. The problem with the overflow of chlorinated water at the Yellowstone Park Tank is due to an error in construction some 15 years ago.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with an SRF loan and local reserves. The applicant stated that the district has examined all potential sources of funding. The interest rates available from commercial banks would require an increase in water rates to levels that would be unacceptable, as the district already has user rates exceeding the target rate. Since RD requires interim financing and has interest rates at over five percent, the district prefers to use the SRF loan program, which offers three to four percent interest. Also of concern is the fact that the current loans and any new RD loan would be for a period of 40 years. This is considered too long since EPA requirements can change, requiring additional improvements at almost any time. Also, most of the current \$820,000 debt is with RD and won't be paid off until 2036. The district does not feel it would qualify for a RRGL grant. The district has already had its debt election, has rates in place to provide the promised match, and has coordinated with MDT to make the project feasible for year 2002. Without TSEP funding the project could not take advantage of the savings that will be realized by coordinating with MDT. The MDOC reviewer noted that the applicant did not discuss CDBG funds, probably because the district cannot meet the LMI requirements.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a

general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that while no new business plan relies specifically on the proposed project, the potential threat from the private system could be disastrous to the tourist industry in Gardiner. Yellowstone Park reports that over 500,000 visitors pass through Gardiner and the north entrance to the park each year. The ratio of hotel units to residences is nearly two to one. By eliminating the potential health and safety threat, the proposed project may be responsible for maintaining many jobs that bring in out-of-state money. The lack of fire flow along Scott Street also poses a threat to the business along this crowded section of Gardiner. The proposed improvements will allow for expansion of tourist related businesses in a very desirable area, including the Jim Bridger Motel that now uses less space-efficient cabins. The district will provide lines out from the new main to accommodate new or larger businesses. In general, the proposed project will definitely maintain and encourage expansion of the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that the district has held numerous public hearings concerning the Scott Street improvements, starting in 1995. Most recently, the district advertised in the Gardiner Newsletter and twice in the Livingston Enterprise, to be sure everyone was aware of the April 4, 2000 hearing and the currently proposed project. The application included affidavits of publication, a copy of the newsletter, minutes, sign-in sheet and letters of support. Eleven people attended the hearing. The people attending were told that rates would not be raised as a result of the proposed project, because the new loan amount would be covered through the existing rate structure.

The district adopted a CIP in April 2000, which requires that it be updated annually. The proposed improvements are the highest priority of the CIP.

TSEP Application Summary for the 2001 Legislature

Project No. 11

**Applicant: PARK CITY WATER AND SEWER DISTRICT, STILLWATER COUNTY
FOR WASTEWATER SYSTEM IMPROVEMENTS**

This application received 3,748 points out of a possible 4,900 points and ranked 11th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
SRF	Loan	\$ 343,840	Contacted, project on priority list, application to be submitted.
EPA/CDBG	Grant	\$ 20,000	TA grant funds committed and partially expended.
CDBG	Grant	\$ 500,000	Application to be submitted in 2001.
Applicant	Cash	\$ 115,850	Funds committed and partially expended.
Project Total		\$1,579,690	

Median Household Income (MHI):	\$22,332	Total Population:	830
Percent Non-TSEP Matching Funds:	68%	Number of Households:	322

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$13.40	-
Existing Wastewater Rate:	\$14.00	104%	Rate With TSEP Funding:	\$24.83	185%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$36.00	269%

Project Summary

History – The district's wastewater system was constructed in 1968 to accommodate approximately 450 people; current residential population is approximately 830 people. The wastewater facility was owned and operated by Stillwater County until early 1998 when Park City formed a county water and sewer district that took over the ownership and operation of the facility. The district imposed a moratorium on new sewer hook-ups shortly after assuming ownership of the system in an effort to address the trend of effluent permit violations. The wastewater treatment system consists of a quasi-two-cell lagoon with discharge to a drainage ditch (Vandenberg Drain) that eventually flows into the Yellowstone River.

Problem – The district's wastewater system has the following deficiencies:

- ☐ the lagoon is too small, detention time is insufficient, and system hydraulics are inhibiting treatment

capabilities. The reduced detention times and poor hydraulics contribute to water quality permit violations.

- ☐ the lagoon leaks at approximately ten times the allowable standard,
- ☐ DEQ has begun the process of classifying the Vandenberg Drain as state water, which will necessitate specific ammonia and fecal coliform limitations that the existing facility cannot meet, and
- ☐ the main lift station pump is not isolated from the wetwell, nor does it have an auxiliary power source.

Proposed Solution - The proposed project would:

- ☐ construct a new three-cell aerated lagoon,
- ☐ construct a new lift station at the treatment site,
- ☐ construct a new 1.2 mile conveyance line directly to the Yellowstone River, bypassing the Vandenberg Ditch.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that the potential for health problems is very serious and presents a significant threat in the near-term. Environmental pollution is also very serious from both excessive leakage and improper treatment and lack of disinfection of discharge. The effluent drain ditch (the Vandenberg Ditch) the district uses as a conveyance for the disposal of treated effluent to the river is in the process of being classified as state water by the DEQ. This classification will subject the facility to new permit limitations for ammonia and fecal coliforms. The facility will be unable to meet these limits with the drain ditch as the conveyance for effluent and a piped conveyance to the river will be necessary. This finding leaves the district with no choice but to make the proposed improvements or face very serious fines. The presence of potentially pathogenic wastewater discharge flowing in an unsecured ditch represents a significant threat in the near-term. The proposed project is necessary to comply with state standards and the discharge permit, which will continue to be violated if the not resolved. An administrative order was lifted in 1998 because the district was making progress with the system's problems and had set a growth moratorium, but the order could quickly be put back in place if the proposed project does not develop.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 648 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 23rd out of the 38 applications.

- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41%. The relative concentration of persons living at or below the *LMI* level ranked 19th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 12.0%. The relative concentration of persons living at or below the *Poverty* level ranked 20th out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the PER was very well prepared and no information of any significance was missing. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The Applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The Applicant has moderately acted to ensure the above.

The applicant stated that up until 1998, the facility was owned and operated by Stillwater County. Under the county's ownership the system was operated in a marginal fashion. After the district was formed in 1998, a user fee system was implemented that raised average rates from approximately \$6.16 to \$14.00 for a typical residential user, which is an increase of 127 percent. The user fee system also implemented a hook-up charge of \$1,200 for each new user on the system.

A moratorium on new hook-ups was implemented in the fall 1998, and a qualified operator was trained and hired. A copy of the moratorium was provided in the application. The district has implemented a program of routine sewer line jetting as well as maintenance activities at the main lift station and treatment lagoon. The district's average rates provide approximately \$63,000 per year to operate and maintain the system. The operating costs for a year total approximately \$24,000 leaving \$39,000 for maintenance, replacement and reserves. In 1998, the district used part of the maintenance budget to clean and jet the gravity outfall line and a number of sewer mains throughout town. The problems with the system are primarily a result the system's age and the community out-growing the system.

Since the wastewater facility is the only infrastructure managed by the district, the facilities plan represents their CIP. The facilities plan provides a prioritized list of projects including the treatment facility, the main lift station and the collection system. The TSEP project addresses the highest priority Governor's Budget

project (treatment lagoon), which also may expand to include improvements to the main lift station. Collection system improvements are recommended for future projects. Stillwater County is planning on using a portion of the CDBG funding from the project to facilitate a more comprehensive community plan that will examine other infrastructure and community services in Park City. These would include streets, sidewalks, lighting, parks, and community facilities. Water supply will likely not be included as there is abundant, good quality water in the underlying aquifer. The county had included the proposed project into its 1997 master plan. The estimated cost of the project at that time was \$1.41 million, and the objective was to increase the capacity of the facility to handle existing and future population. The proposed improvement project is exactly what was called for in the 1997 plan.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL and CDBG grants in combination with an SRF loan and local reserves. The applicant stated that local reserves and the EPA and CDBG planning grants have already been committed and expended for planning and grant writing. A letter of support and commitment has been obtained from the SRF program. The MDOC reviewer noted that the letter from the SRF program only lets the district know that funds are available. The district has not applied for the funds and the SRF program has not yet committed to the proposed project.

The MDOC reviewer noted that the district's LMI level is below 51 percent, but the district intends to target LMI residents, thereby making the district eligible for CDBG funds. However, it was not stated whether the district has discussed the potential application with the county. Under the CDBG application guidelines, the county would have to apply to CDBG on behalf of the district. Local reserves have been committed by resolution. The applicant noted that it was not pursuing funding from RD due to its desire to fund the project with a shorter term and lower interest rate loan, and that it could not get as high of overall grant participation with RD.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the upgrade of the wastewater facility in Park City could only have a positive affect on the economy of the community. Since 1998, the self-imposed moratorium has inhibited residential and commercial development within the district's boundaries. Those that chose to build residential structures were forced to install individual wastewater disposal systems, which may result in groundwater degradation. The DEQ has stated that if the district lifts the moratorium, it will likely initiate an enforcement action requiring a moratorium and schedule for achieving compliance with MPDES and Governor's Budget

design standards.

There are 113 new lots that could be developed within the district's boundaries once the improvements have been made. Furthermore, the 20-year design plan allows for the district to expand their borders to promote even more growth in Park City. More development within and outside of current district boundaries would expand the user base and increase revenues.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the Applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that in 1999, two public meetings were held in August and November to discuss the wastewater systems problems and possible solutions. The 21 people that attended each meeting were presented with the draft facilities plan findings, alternatives considered, recommended course of action, expected user rate increases, implementation strategy, funding programs and the proposed schedule. The proposed funding package was presented and discussed at length. The public was told it is estimated that the rates will increase between \$10.50 and \$12.50, making the monthly payment per household at completion of the project approximately \$25.50. The rate increase has also been presented in a newsletter to all sewer users. A copy of a flyer announcing the meetings, a letter sent to all system users, an agenda, sign-in sheet, and verbatim minutes were included in the application. A copy of a newsletter explaining the proposed project was sent to system users in April 2000, and this was also included in the application.

The applicant stated that the local citizens appear to be largely in support of the project, and while there are understandable concerns about increased user rates, the sewer users agree that they are justified if a project is to be implemented. Since the moratorium on new hook-ups in 1998, many citizens have pushed for wastewater upgrades to lift the ban. Comments to this effect are found in the public meeting minutes for November 17, 1999.

Since the wastewater facility is the only infrastructure managed by the district, the approved facilities plan represents their CIP. The TSEP project addresses the highest priority project (treatment lagoon). Stillwater County is planning on using a portion of the CDBG funding from the project to facilitate a more comprehensive community plan that will examine other infrastructure and community services in Park City. These would include streets, sidewalks, lighting, parks, and community facilities.

TSEP Application Summary for the 2001 Legislature
Project No. 12
Applicant: TOWN OF STANFORD FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,700 points out of a possible 4,900 points and ranked 12th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
CDBG	Grant	\$ 350,000	Application to be submitted in 2001.
SRF	Loan	\$ 689,000	Contacted, project on priority list, application to be submitted.
Applicant	Cash	\$ 16,500	Funds committed.
Project Total		\$1,655,500	

Median Household Income (MHI):	\$20,227	Total Population:	529
Percent Non-TSEP Matching Funds:	70%	Number of Households:	217

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$26.00	-	Target Rate:	\$33.37	-
Existing Wastewater Rate:	\$5.60	-	Rate With TSEP Funding:	\$49.60	149%
Existing Combined Rate:	\$31.60	95%	Rate With No TSEP Assistance:	\$64.61	194%

Project Summary

History –The town's wastewater collection system was constructed in 1928. Treatment is a one-cell facultative lagoon constructed in 1963. The system discharges to Scull Creek. The collection system consists of nearly 20,000' of sewer main, the majority of which is clay tile pipe.

Problem – The town's wastewater system has the following deficiencies:

- ☐ detention time (treatment capacity) is 79 days, less than one half that required by state design standards,
- ☐ single cell lagoon design configuration does not meet state design standards, which require a minimum of three cells,
- ☐ lagoon is nearly full of sludge,
- ☐ lagoon system has experienced significant discharge permit violations for both BOD and TSS limits in the last several years in violation of its MPDES permit,
- ☐ outlet control provides inadequate control of flow rate and pond level,

- ☐ 70-year old clay sewer pipe is structurally inadequate and at risk of imminent failure, and
- ☐ holes and cracks in sewer mains.

Proposed Solution – The proposed project would:

- ☐ replace 2,800' of outfall pipe to the lagoon,
- ☐ replace 5,800' feet of 8" and 10" diameter sewer trunk lines,
- ☐ remove sludge from the lagoon, and
- ☐ upgrade the lagoon to a three-cell system.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that the condition of both the sewage collection system and treatment lagoon is likely to affect the public's health and safety in the long-term. The lagoon discharges to a waterway with limited potential for human contact or recreational use. The treatment lagoon is inadequately sized with no process flexibility and can not satisfactorily treat the community's wastewater. MPDES discharge permit standards have been violated on an intermittent basis and enforcement action is probable if corrective actions are not taken. The problems with the collection system create a high probability of causing a public health hazard if a section of line was to collapse. Backups of raw sewage into homes may result in direct exposure to the public. Sewers, which are located above the groundwater table, may be leaking sufficient wastewater to degrade groundwater supplies. While the town does not have immediate serious public health hazards occurring, the community is taking a commendable proactive position to resolve the problems before the situation worsens.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 540 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 16th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37%. The relative concentration of persons living at or below the *LMI* level ranked 25th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 16.7%. The relative concentration of persons living at or below the *Poverty* level ranked 12th out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number

of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer noted that the PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. The system proposed for construction provides good, viable technology for a smaller community. While the entire collection system is not scheduled for replacement, the most problematic sections will be replaced under this project. The PER provided a comprehensive evaluation of the entire system and there were no issues of any significance that were not addressed. Environmental concerns were adequately addressed and no long-term adverse effects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that revenues from the wastewater system have typically exceeded expenditures by at least 20 percent, allowing reserves to build up. The town has raised sewer rates in the past to ensure a small reserve is maintained. Rates were last raised in 1990. The current deficiencies with the town's wastewater facilities are largely due to the lack of system capacity, operational flexibility and infrastructure age. In 1981, the town retained an engineering firm to conduct both a wastewater facility plan and a water system analysis. The wastewater facility plan recommended improvements to the lagoon inlet and a new outlet. The town later implemented these improvements. In 1993, DEQ and Northern Montana College developed a detailed comprehensive performance evaluation and a composite correction program of the wastewater system. The two studies identified technical, operational and administrative problems that limit the treatment processes and recommended corrective action. The town engaged in a yearlong process of altering the treatment operations with the help of DEQ and Northern. Professional service companies are retained on an annual basis to clean sewer mains and to TV inspect the collection system mains. The goal has been to have all of the clay lines TV inspected. In 1999, the applicant hired an engineering firm to conduct a needs assessment and develop a CIP. The MDOC reviewer noted that the applicant received technical assistance funding from CDBG and SRF to complete a CIP, a facility plan, to conduct the needs assessment, and to complete grant writing. The town's number one and two priorities are to rehabilitate the existing lagoon and to replace existing sewer lines. The needs survey response rate was very good and shows the significant level of community interest and support for infrastructure improvements. The CIP was adopted in December of 1999. The resolution adopting the CIP and the CIP were included in the application.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.**Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points**

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with a SRF loan and local reserves. The applicant stated that it would conduct an income survey during the winter of 2001 to establish whether the town can meet the 51percent LMI eligibility requirements for the CDBG program. If the town is not eligible for a CDBG grant, a RD loan with a 40-year term will be used instead. The project is RD grant eligible with a MHI of \$20,227. The applicant has discussed financing the project with RD. However, since the RD target rate is close to \$25 per user per month, the applicant feels this would create more of a financial hardship on ratepayers.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.**Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points**

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that additional population, development and business growth is limited unless the town's wastewater system can be upgraded. It is entirely possible that doing nothing and relying on the existing facility may result in a loss of jobs if existing businesses feel that their ability to grow is limited and decide to move to another community. By providing the basic services necessary to encourage business and population growth, expansion of the tax base will be encouraged.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.**Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points**

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that in the summer of 1999, the town conducted a community needs assessment survey, the results are included in the application. The needs survey was mailed to every home and business in Stanford. Of the 265 surveys mailed out, 140 were returned for a response rate of 53 percent. Approximately 95 percent of the public favored obtaining grant assistance for public infrastructure improvements. The proposed project will remedy the two highest priorities identified in the public needs survey. The Judith Basin County Commissioners and the city/county planning board have

coordinated throughout the need assessment process. Sixty-five of the 140 respondents (46 percent) believed it was very important to improve the sewer system. Another 51 respondents believed it was important to improve the sewer system. Overall, 116 of 140 respondents (83 percent) felt it was important to very important to improve the sewer system. The survey shows strong community support for improvements to the sewer system. The town adopted a CIP addressing the three primary public facilities: wastewater, water, and streets. A citizen's committee representing a cross section of the community helped develop the CIP. The CIP is included in the application. A public hearing on the needs assessment survey results and the draft CIP was conducted on October 11, 1999. Also during this meeting the different funding programs were discussed. A public hearing was conducted April 10, 2000 to discuss the draft wastewater facility plan, projected user rates, and the different funding applications for TSEP, RRGL, and CDBG. The engineer for the proposed project provided a handout to the council and public that contained the following: the TSEP project summary sheet, the proposed budget, a project schedule; and site maps of the wastewater collection system and treatment facility. Different funding scenarios utilizing TSEP, RRGL, SRF, and RD (loan and grant) were discussed in detail and are included in the application. Advertisements, notices, minutes, handouts and an attendee's list were included in the application. Local newspaper articles and 15 letters of support are included in the application. The letters of support came from concerned citizens, community leaders, local and state governments, and the applicant's state legislative representative.

TSEP Application Summary for the 2001 Legislature
Project No. 13
Applicant: FLORENCE COUNTY WATER AND SEWER DISTRICT, RAVALLI COUNTY
FOR A WASTEWATER SYSTEM

This application received 3,696 points out of a possible 4,900 points and ranked 13th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends** the requested TSEP grant of \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Awaiting decision of legislature.
CDBG	Grant	\$ 500,000	Application to be submitted 2001.
RD	Grant	\$2,170,000	Contacted, application to be submitted July 2001.
RD	Loan	\$2,170,000	Contacted, application to be submitted July 2001.
Project Total		\$5,440,000	

Median Household Income (MHI):	\$27,917	Total Population:	1,048
Percent Non-TSEP Matching Funds:	91%	Number of Households:	403

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$16.75	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$53.95	322%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$61.20	365%

Project Summary

History – The unincorporated community of Florence has over 400 households, a school and a number of businesses. Residents utilize on-site septic systems and individual wells, with the exception of a few subdivisions on small public water systems. The district is about 400 acres in area with some densely developed areas.

Problem – The lack of a centralized wastewater system is a problem because measurable impacts to water supplies are occurring as a result of contamination from the septic systems currently being utilized.

Proposed Solution – The proposed project would:

- ☐ construct a centralized wastewater system,
- ☐ construct a lagoon treatment system,

- ☐ utilize wetlands for effluent polishing, and
- ☐ construct infiltration basins for final discharge.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that no serious public health problems have occurred, however, serious problems are likely to occur in the near-term if no action is taken. It is estimated that 15 percent of the on-site septic systems are cesspools or seepage pits, which provide minimal or no treatment prior to discharge into the groundwater. The large number of septic systems in the Florence area has been linked to measurable nitrates and fecal coliform in the groundwater. This was strongly supported by two separate analyses performed in the area, which were included in the application.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 756 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 36th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 22%. The relative concentration of persons living at or below the *LMI* level ranked 37th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 6.6%. The relative concentration of persons living at or below the *Poverty* level ranked 36th out of the 38 applications

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all

potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER presented a thorough analysis of alternatives and costs. However, the PER did not include any operational data for wetland systems in cold climates. The MDOC review engineer noted that while the system may meet non-degradation standards, the long-term performance of constructed wetlands for wastewater treatment in cold climates was not well supported in the PER. However, this minor issue does not raise serious questions regarding the appropriateness of the alternative selected by the applicant. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The district was established 23 years ago. In response to community awareness of the need for fire protection, funding was pursued for planning, design and construction of a central water system, 16 years ago. The district planned to hold a bond election to raise the local share, however, due to the negative reaction from district members relative to projected rates, the district chose not to hold the bond election and turned the grant funds back to HUD. For a period of time, the district's board became idle. In the mid-1990's a task force was formed and the district received a grant from DNRC to fund a two-year Montana Bureau of Mines and Geology groundwater assessment study which was completed in December of 1998. One option listed in the conclusions and recommendations of the study to lessen future ground water contamination is to construct a community wastewater treatment system. The district stated that it has shown its commitment to cost-effective service and facilities by securing funding for effective planning and comprehensive studies. The district currently does not have a comprehensive plan but plans to develop one in the future.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL and an RD grants in combination with an RD loan. The applicant stated that it is actively pursuing all possible sources of financial assistance to keep users costs at an affordable level. The SRF program has indicated that loan funds will be available for the project upon completion of the facilities plan. The district plans to applying for CDBG and RD funding in 2001. The applicant stated that CDBG funds will be used to support targeted LMI residents. However, the applicant failed to discuss that Ravalli County will need to apply to CDBG on behalf of the district and whether Ravalli County would be eligible to apply to the CDBG program in 2001. RD has indicated that the RD funds would likely be phased. With grant assistance from the TSEP program the applicant will be 322 percent over the wastewater target rate established by MDOC. As a result, a TSEP grant is essential to keeping user rates reasonably affordable.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the Florence area has a significant tourist industry because of its accessibility to three wilderness areas. The applicant stated that the proposed project would allow business expansion in Florence. Along Highway 93, growth is limited due to the large areas needed for individual, on-site disposal treatment. By having a centralized wastewater system the areas along the highway could expand without having to use large areas of land. The applicant stated that some businesses along Highway 93 have had problems complying with new septic tank standards making the project vital to their success. The MDOC reviewer noted that there was no documentation in the application to support this statement. The applicant stated that the proposed TSEP project would encourage the expansion of the private property tax base, by increasing the value of residences. Business growth would also support the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the district held two public meetings to discuss the alternatives and funding for a centralized collection and wastewater system. The meetings were held on October 5, 1999 and April 25, 2000. The application included a public meeting notice for the October 5, 1999 meeting and the legal notice, minutes and attendance sheet for the April 25, 2000 meeting. In addition to the meetings, a newsletter was used to inform the district members of the progress of the project, which was included in the application. The newsletter discussed the anticipated costs associated with constructing a wastewater system. The April 25, 2000, public meeting informed those attending of the anticipated costs of constructing a wastewater system, including potential user costs. The district has not officially adopted a CIP. The application included eight letters of support for the proposed project.

TSEP Application Summary for the 2001 Legislature
Project No. 14
Applicant: ASHLAND WATER AND SEWER DISTRICT, ROSEBUD COUNTY
FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,692 points out of a possible 4,900 points and ranked 14th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends** the requested TSEP grant of \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
SRF	Loan	\$ 116,750	Application submitted.
Applicant	Cash	\$ 28,750	Funds committed.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
CDBG	Grant	\$ 500,000	Application to be submitted in 2001.
Coal Board	Grant	\$ 111,000	Application submitted, awaiting decision of board.
EDA	Grant	\$ 111,000	Application has not yet been submitted as stated.
Project Total		\$1,467,500	

Median Household Income (MHI):	\$12,222	Total Population:	376
Percent Non-TSEP Matching Funds:	66%	Number of Households:	107

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$24.77	-	Target Rate:	\$20.17	-
Existing Wastewater Rate:	\$8.26	-	Rate With TSEP Funding:	\$38.68	192%
Existing Combined Rate:	\$33.03	164%	Rate With No TSEP Assistance:	\$53.38	265%

Project Summary

History - The district was created in 1974. The sewer system was built in 1976. The district is not allowing further growth until the current problems are addressed. However, since the district has never had a discharge permit, it would have to meet the non-degradation standards in order to obtain a discharge permit. The development of the Heritage Assisted Living Center cannot proceed as a result of no more hookups being allowed. The St. Labre Catholic Mission, the owner of the adjacent property (estimated 138 acres), has agreed to allow the district to use that land for spray irrigation (only 58 acres required).

Problem - The district's wastewater system has the following deficiencies:

- ☐ insufficient rate of evaporation requiring wastewater to be pumped or siphoned out of the lagoon onto adjacent property in order to avoid overflow,

- ☐ lagoons are leaking at a rate of at least 70 to 80 percent, and
- ☐ the size of the existing lagoons is far too small to function as a total retention lagoons.

Proposed Solution - The proposed project would construct a new treatment system using aeration and disposal using spray irrigation.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to occur yet.

The MDOC review engineer noted that the existing wastewater lagoons are undersized, leak at an excessive rate, and are not fenced. Insufficiently treated wastewater has been illegally discharged onto adjacent agricultural land in violation of federal and state regulations. The entire community risks exposure to the discharged wastewater; in particular, recreational river users and school personnel have a high probability of coming in contact with inadequately treated wastewater in the near-term. Some of the deficiencies (deterioration of site security and lagoon dike integrity) are also existing, continual, and long-term, but may have been avoided by better management practices.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 792 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 5th Quintile = 360 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 2nd out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 97%. The relative concentration of persons living at or below the *LMI* level ranked 1st out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 71.9%. The relative concentration of persons living at or below the *Poverty* level ranked 1st out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineers noted the PER was generally complete, but there were some potentially important issues that were not adequately addressed. The proposed project addresses all of the deficiencies identified in the PER. However, additional deficiencies may need to be addressed in the future. In particular, infiltration/inflow (I/I) may present a more significant problem than initially thought; more careful analysis of the system I/I may be beneficial. The PER should have contained a more detailed description of manhole flow observations, ground water elevations and collection system elevations. This information would confirm whether infiltration is or is not a significant problem. There was also a concern about whether flow monitoring was conducted during the high groundwater season. Depending on whether or not irrigation is practiced in the area, the peak ground water season is likely sometime between March and July. Pump run time monitoring was conducted between November 1999 and April 2000. The PER does not state whether this monitoring covered the peak groundwater season. This information is important because per DEQ-2 standards, the base of the lagoons must be at least 4' above groundwater. Since lift stations are such an important element of a reliable wastewater system, more analysis is needed of the district's lift stations. The age, condition, reliability, regulatory compliance, back-up power provisions, expected service life, etc., of the lift stations should have been discussed in more detail within the PER. The district should budget for the replacement/rebuilding of the existing lift station pumps. However, the deficiencies addressed through the proposed project are those involving the most serious health and safety problems.

Other potentially important issues that were not adequately addressed were projected costs. It was determined that limited support documentation was provided. In addition, the present value of the O&M costs was calculated at a discount rate of 8.25 percent instead of the required six percent required by the PER guidelines. A potential problem that could increase the cost of the project is the disposal of sludge. Costs related to sludge removal and disposal were not well documented, and it is impossible to determine whether the costs estimated for this item would be reasonable or not. No information was provided documenting the quantity and quality of sludge in the lagoons. If there is a larger volume of sludge than anticipated, or if the sludge does not meet disposal regulations, project costs could increase dramatically. However, these potentially important issues that have not been adequately addressed do not raise serious questions regarding the appropriateness of the alternative selected.

The environmental checklist was properly completed. However, the PER did not contain responses from several of the agencies contacted to comment on environmental impacts. These responses were probably not available at the time of the grant application submittal. Since the new treatment system will be constructed largely within the footprint of the existing lagoons, it is less likely there would be any environmental problems with the proposed project.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound,

effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the district was created in 1974. The current lagoons were constructed in 1976 and were funded by USDA with a 40-year loan. The district underwent a complete re-structuring in 1987 with all new board members. The first order of operations was an increase in fees including a sharp increase in user fees for the St. Labre Mission up to \$900/month. The district has successfully used coal board grants to help maintain its water system, with three grants totaling over \$200,000 since 1977. In 1998, the district installed new water wells and a new control system. Concurrent with the completion of the facility plan for the proposed project, an interim CIP was developed. The interim CIP, (included in application), was adopted in April 2000, and it lists the lagoon project as the number one priority.

The district raised its rates substantially again for residential users and especially for commercial users. The district also made other changes including separate accounts for water and sewer enterprise funds, and basing its rates on the amount of water used. The district currently has water meters for residences and businesses. Also, the St. Labre Mission will have meters installed. St. Labre is a large contributor to the system and will be charged a fee based on usage in addition to an increased base fee. The rate increases allow for additional funding of the \$27,500 in O&M necessary for lagoon operation. The financial documents provided in the application show that in the budgets of the past three years the O&M budget has been sufficient and additional reserves have built up steadily.

The problem is not of recent origin, but went unnoticed by county and state health authorities for many years. The applicant stated that the lagoons might have been undersized since construction. However, since they were leaking so badly (70 to 80 percent of all water entering leaks through the bottom of the lagoon), it was not possible for the operator to notice that there was not enough area to allow full evaporation. In 1995, the *Rosebud/Ashland Community Development Plan* was developed by, which provided Ashland and the surrounding area with a comprehensive plan for recreational development, social issues, transportation, and fire protection.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG, Coal Board, and EDA grants in combination with a SRF loan and local reserves. The district feels it is a strong contender for a CDBG grant especially considering it is 97 percent LMI. The district is a coal-impacted area, and the district will seek assistance from the Coal Board. The applicant stated that the private source at St. Labre would contribute greatly in monthly fees to support the O&M and debt service. The Soaring Eagle Assisted Living Center has been designed, but cannot be constructed until the new lagoon system is in place. The Center would create over 20 new full-time jobs, consequently the district will also be applying for EDA assistance. A representative from EDA was contacted and stated that this project has a high probability of being funded due to the jobs being created with the development of the Soaring Eagle Assisted Living Center. Considering the low income of the region and high outstanding debt, it is unlikely that the district would even qualify for commercial loans. The applicant stated that the district has a very low income, but typically RD determines the grant amount based on income around the region. The coal mining areas in other parts of Rosebud County have much higher incomes. The MDOC reviewer discussed the funding policy with RD and their representative stated that they would look only at incomes in the district and not the surrounding area. The MDOC reviewer noted that because of the district's low income, RD is a funding option for this project and should have been looked at in more detail.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the wastewater system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that the district cannot serve the people and businesses currently connected. The president of Soaring Eagle discussed in his letter of support, that they are ready to construct an assisted living center in Ashland. However, they cannot move forward until the wastewater problem has been solved. The assisted living center will add greatly to the economy as it will bring in much needed out-of-town funds (retirement income and social security), as well as requiring skilled and unskilled support jobs. The number of full-time jobs that will be created is estimated to be approximately 20, plus whatever would be required at the planned daycare. The applicant stated that a business plan for the assisted living center was included in the application. The MDOC reviewer noted that business plans were not included in the application, however, construction plans were included. The MDOC assisted living study shows that Rosebud County's elderly populations will more than double in size over the next decade, thus creating more of a need for these type of care facilities.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that the district has held two public hearings regarding the facility plan, grant applications, and a rate hearing. Every member of the district was mailed the notice of the hearings and the proposed rate plan. The second hearing was held on April 11, 2000. Though there were some concerns over the rate increases and restructuring, all agreed that the project was necessary. The overall costs and cost per household was discussed as well as the grant and loan funding request process. Each person in attendance was given the proposed project budget and a sheet outlining loan costs including the cost of reserves, bond council, and origination fees. The minutes of both hearings, information sheets, and letters of support were included in the application. There were 16 persons in attendance at the second hearing. Ashland has adopted an interim CIP and the proposed lagoon project was the number one priority. Ashland and the surrounding area also prepared a community development plan in 1995. That plan addresses social and recreational needs, as well as medical needs. The cover and table of contents for the plan were included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 15
Applicant: TOWN OF GERALDINE FOR WATER SYSTEM IMPROVEMENTS

This application received 3,648 points out of a possible 4,900 points and ranked 15th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, MDOC recommends the requested TSEP grant of \$167,460.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$167,460	Awaiting decision of legislature.
RRGL	Grant	\$100,000	Application submitted, awaiting decision of legislature.
SRF	Loan	\$ 67,572	Contacted, project is on the priority list, application to be submitted.
Project Total		\$335,032	

Median Household Income (MHI):	\$19,732	Total Population:	418
Percent Non-TSEP Matching Funds:	50%	Number of Households:	161

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$23.20	-	Target Rate:	\$32.56	-
Existing Wastewater Rate:	\$20.24	-	Rate With TSEP Funding:	\$55.56	171%
Existing Combined Rate:	\$43.44	133%	Rate With No TSEP Assistance:	\$61.99	190%

Note: The existing wastewater rate reflects the increase in rates for a project that is to be constructed with recently awarded CDBG funds.

Project Summary

History – The spring source and transmission main were constructed in 1985. The spring source, which provides a major portion of the town's water supply, consists of two springs with approximately 12 miles of gravity fed transmission piping between the source and the town. The system provides water to the Town of Geraldine, Hawarden Users Association, North Geraldine Water Users Association and individuals located along the transmission piping. A chlorination station, pressure reducing valves, and automatic and manual air release valves are sited between the springs and the town. The system includes a 100,000-gallon water storage structure in the Town of Geraldine.

Problem – The existing water system has the following deficiencies:

- ☐ leakage and unaccounted for water loss,
- ☐ no heat during inclement weather, which results in evaporators not working and insufficient chlorination,
- ☐ lack of system controls,

- ☐ insufficient supply and storage,
- ☐ undersized piping, and
- ☐ increased demands on the water supply requires the supply to be supplemented with two wells located within the town which produce water with an objectionable taste.

Note: The proposed solution would not address insufficient supply and storage, or the undersized piping. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution – The proposed project would:

- ☐ replace and relocate the chlorination station to ensure consistent chlorination and to provide year round accessibility,
- ☐ install water meters, and
- ☐ fine tune administrative controls.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted there are water quality and quantity issues that could affect the public's health, safety and welfare. There are problems that may occur in the long-term, such as health risks due to excess fluoride consumption and insufficient water supply. The problems are existing and long-term, though only sporadic, and affect the entire community. Inadequate fire flow could have serious consequences in the long-term if the deficiencies are not corrected.

DEQ informed the MDOC review engineer that the town has been placed on a health advisory due to bacteriological problems as of August 9, 2000. Consequently, it was determined that serious consequences that could affect the public health and safety are likely to occur in the long-term if the system deficiencies related to contaminated water are not corrected.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 648 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 15th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 42%. The relative concentration of persons living at or below the *LMI* level ranked 18th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 12%. The relative concentration of persons living at or below the *Poverty* level ranked 24th out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The proposed design for the Geraldine water supply system would provide a thorough, long-term solution to the identified deficiencies and there are only minor issues that have not been adequately addressed. Including accurate water meter flow data, and details showing existing meter locations and connections between the spring water and well water, as well as substantiating cost estimates would contribute to a more complete application. When scoring the project these minor deficiencies did not raise serious questions regarding the appropriateness of the selected alternative.

Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated the town selected its current spring water site after the Montana Bureau of Mines and Geology performed an inventory of possible water source areas to supply the Town of Geraldine with potable water in 1984. The existing transmission piping was installed in 1985. In 1992, the town retained an engineer to investigate development of additional water supplies for the town. The spring source supply shortage has led the town to use the groundwater wells more frequently, and to place watering restrictions on all users. The demand data collected thus far shows a large percentage of un-accounted for water. From January through March 2000, the town pursued visual leak detection and monitoring of existing services. One major leak was discovered on the transmission line and was repaired. The town is proceeding with a leak detection program this upcoming summer. All water-restricting orifices for water user association members have been checked and replaced.

The town prepared and adopted its first comprehensive CIP in 1998. The water facility plan was completed in April 2000, although not adopted at time of application submittal. The water system improvements noted in the plan will be included in the 2000 update to the CIP. A copy of the plan was included in the application. The proposed project will improve the system's efficiency by installing household water meters and replacing the water control system. The town's water system reserves will be depleted with the proposed spring well development project and leak detection program scheduled for

the summer of 2000. The town is also in the process of implementing the wastewater facility plan recommendations, and was recently awarded CDBG funding for that project.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP and an RRGL grant in combination with an SRF loan. Since the town applied this spring to the CDBG Program for a wastewater project, and the CDBG guidelines limit an applicant to submit only one application per competition, the CDBG program cannot be used to help fund this water project. The town investigated the use of local banks and the InterCap program, but will use the SRF for the loan portion of the funding package because it currently offers the lowest interest rate.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated the proposed project will not result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans and will not directly result in any business expansion. However, the MDOC reviewer noted that the town's proposed improvements should at least maintain, if not encourage expansion of the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the town conducted a needs and income survey in 1997. Water and sewer improvements were considered the highest public facilities and services priorities based on the survey results included with the application. Eighteen people attended a public hearing that was held on March 14, 2000 to discuss the CIP and water facility plan. A copy of the plan was included in the application. The consultant for the project has also met with members of the Hawarden Users Governor's Budget

Association, North Geraldine Water Users Association and individuals located along the transmission piping to discuss the project. The town held another public hearing on April 10, 2000, with twelve people in attendance, to discuss the TSEP application and the anticipated water rate increase. The application contains copies of the public hearings legal notices, agendas, sign-in sheets, minutes from the meetings, and news clippings pertaining to the water issues. The water situation is a top priority for the town, and the community believes something must be done to improve the situation. The water facility plan was completed in April 2000, although not adopted at time of application submittal; the proposed water system improvements will be included in the 2000 update to the CIP.

**TSEP Application Summary for the 2001 Legislature
Project No. 16**

Applicant: TOWN OF MANHATTAN FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,552 points out of a possible 4,900 points and ranked 16th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
CDBG	Grant	\$ 500,000	Application to be submitted in 2001.
RRGL	Grant	\$ 100,000	Application was not submitted in 2000 as stated.
SRF (Phase I)	Loan	\$ 779,949	Contacted, project on priority list, application to be submitted Summer 2000.
SRF (Phase II)	Loan	\$ 843,369	Contacted, project on priority list, application to be submitted Summer 2001.
Applicant	Cash	\$ 2,750	Funds committed.
Project Total		\$2,726,068	

Median Household Income (MHI):	\$21,563	Total Population:	1,380
Percent Non-TSEP Matching Funds:	82%	Number of Households:	670

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$14.42	-	Target Rate:	\$35.58	-
Existing Wastewater Rate:	\$11.09	-	Rate With TSEP Funding:	\$42.98	121%
Existing Combined Rate:	\$25.51	72%	Rate With No TSEP Assistance:	\$48.85	137%

Project Summary

History – The town's wastewater system was constructed in 1916, and consisted of a collection system, septic tank, and discharge to the Gallatin River. The existing facultative lagoon was constructed in the early 1960s, with collection system upgrades added in 1977, and piping modifications and other upgrades being made in 1985.

Problem – The town's wastewater system has the following deficiencies:

- ☐ high groundwater infiltrating into deteriorated collection lines,
- ☐ gaps in joints of vitrified clay pipes,
- ☐ severe root intrusions in the older collection lines,
- ☐ deteriorated manholes,
- ☐ abandoned flush tanks in collection lines which prevent pipe maintenance,
- ☐ high maintenance requirements associated with repeated line back ups and basement flooding,

- ☐ violations of the MPDES discharge permit limits of BOD and fecal coliform,
- ☐ above domestic design capacity,
- ☐ excessive seasonal leakage out of treatment cells,
- ☐ leaky lagoons as noted by DEQ,
- ☐ inadequate sewage treatment due to hydraulic overloading,
- ☐ inadequate sewage treatment resulting from overloading of the design BOD and TSS, and
- ☐ elevated nitrates in the shallow aquifer in the vicinity of the lagoon.

Proposed Solution – The project consists of two phases. Phase I will be completed with funding from an SRF loan and will ready the project for Phase II improvements. Phase I improvements include:

- ☐ replacing deteriorated collection lines and manholes,
- ☐ removal and disposal of sludge in the lagoons, and
- ☐ land acquisition for wastewater treatment expansion.

The proposed Phase II project for which TSEP funds would be used would:

- ☐ modify existing treatment system into aerated facultative treatment lagoons for expanded treatment,
- ☐ line the wastewater treatment system to prevent groundwater contamination, and
- ☐ provide storage and spray irrigation for incremental design flows to meet non-degradation requirements.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that the existing and long-term problem of partially treated wastewater from the lagoons leaking into the aquifer has resulted in nitrate levels above 10 mg/l. This is in excess of the EPA's maximum contaminant level. The presence of high levels of fecal coliform in the effluent also put the general population at risk of exposure to fecal contamination. These deficiencies affect the entire community, especially those people living down-gradient of the lagoons. When scoring the project, it was determined that the threat to the environment and to public health will continue until the wastewater system is improved and that serious consequences have a high possibility of occurrence in the near-term.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 19th out of the 38 applications.

- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43%. The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 10.5%. The relative concentration of persons living at or below the *Poverty* level ranked 30th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that there were some potentially important issues that were not adequately addressed. In particular, costs have not been completely addressed. While the application states that the costs were developed using bid tabulations of similar, recently constructed projects, there are several project costs that were not completely supported. The cost estimate for the liner appears to include the soil cover; however, it is difficult to determine if the cost is included for a riprap apron on the inside face of the dikes, which is required to prevent wind and wave erosion of the soil cover. This could add cost to the proposed project. Another aspect of the proposed project that has the potential to add significant cost is the removal and land disposal of the existing lagoon biosolids. While sludge depth was measured, the application lacks essential information concerning the sludge characteristics needed to determine if land disposal is a viable alternative. No data was presented concerning the percent solids or chemical constituents of the sludge. Additional land may be required if the percent solids are low. And, depending on the sludge sampling results, the sludge may not be suitable for land disposal if it does not meet EPA Part 503 Sludge Regulation requirements. The temperature requirements of the liner and the periods of low groundwater may not coincide. Provisions were not presented for the potential for cold weather installation or dewatering requirements during liner installation. Both of these conditions could significantly increase the cost of the project. When scoring the project it was determined that the cost issues were potentially important but would not prevent the proposed project from being carried out.

A more detailed discussion concerning several components of the alternatives would have given more strength to the conclusions about each alternative. The preliminary layout of the proposed project does not conform to DEQ-2 design recommendations to provide the ability for parallel or series operation. This configuration can easily be changed to meet design standards without an increase in required land.

Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that there were projects upgrading the wastewater system in 1978 and again in 1985. The first project rehabilitated a 10" sewer collection trunk line in order to reduce infiltration. The latter project consisted of major lagoon piping modifications to prevent short-circuiting. The town adopted a CIP in May 2000. The CIP represents the anticipated needs of the community in the next five-year period, and includes any item costing at least \$5,000 and having a life expectancy of five years or more. The CIP will be reviewed and updated each year before the town's budget preparation. The wastewater system improvements are a high priority of the CIP.

The town has increased sewer rates four times since 1984, going from \$7.25 to \$16.66. Reserves have grown from \$29,275 in 1996 to \$71,958 in 1999.

A letter from DEQ in 1995 noted problems with the system, but the applicant stated the town started to seriously assess the problem in 1999. The applicant stated that the deficiencies are not associated with inadequate operation or maintenance, but rather as a result of the natural degradation of old, underground piping structures. The town cleans each of the sewer collection lines every other year. The proposed improvements will focus on the oldest part of the town where the pipes are more than 60 years old. Recent accelerated growth is also one of the reasons for violations of the discharge permit. The system is over the design capacity, and is unable to properly treat the excess wastewater.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with an SRF Loan. However, the MDOC reviewer noted that the RRGL grant was not applied for this cycle as indicated. Phase I will be funded wholly by an SRF loan, which will be secured in the summer of 2000. Phase II improvements will utilize all of the funding sources.

The applicant stated that the town meets all eligibility requirements for the CDBG, RRGL and TSEP grants. The MDOC reviewer noted the applicant does not currently qualify for a CDBG grant due to their lower than required LMI of 43 percent. Although the applicant did not discuss their ineligibility in the application, the MDOC reviewer spoke with CDBG staff and determined the applicant has contacted CDBG and the applicant believes that after the income survey is compiled, they will be at the 51 percent LMI threshold. It is unlikely that the town meets grant requirements for RD grants due to income limits. The applicant also stated that TSEP participation in the project would increase the potential for the town to receive grant funds from the two other grant programs and for the second SRF loan.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the wastewater system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that developers of the proposed Farmstead Development have petitioned the town for annexation. A summary of the request and a map of the proposed development were included in the application. However, awareness of the deficiencies with the wastewater system has caused the town to cautiously consider the annexation proposal. The proposed development consists of 40 residential, and 13 commercial or light industrial lots. If wastewater system improvements are implemented, the development will occur. Development of the Farmstead property would allow several businesses to be established, providing additional full-time, long-term job opportunities. However, interested and potential business developers will not invest a substantial amount of time and money in a business plan until they are certain of annexation. Specific businesses interested in developing lots in the Farmstead Development have not yet been disclosed. The Big Sky Carvers, the largest employer in the town, has also expressed a desire to expand. However, expansion is not possible with the deficiencies of the wastewater system.

The applicant stated that the town has proposed a moratorium on additional development until the wastewater system improvements are constructed, and it is likely that the DEQ will not allow further subdivision development until the wastewater system deficiencies are remedied. In addition, political changes in the City of Bozeman have spurred growth in the Manhattan area. The City of Bozeman has implemented a 'smart growth' policy, which some feel causes building development and business expansion to be increasingly difficult. Strict planning regulations and high impact fees have encouraged developers to seek alternate locations for business development. Expansion of the local tax base is dependent on the ability of businesses to develop or expand.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that Manhattan began seriously assessing wastewater system deficiencies in the fall of 1999. Since that time, the town commissioned a steering committee consisting of seven members representing various constituents of the community to deal with the wastewater issue. The committee has held more than eight meetings that were publicly noticed. Public notices and minutes were included in the application. The mayor and one town council member have met with the Rotary Club, the Lions Club, and senior center participants to discuss the need for the wastewater system improvements. Additionally, the town issued a fact sheet about the wastewater system to all residents of the community explaining system deficiencies and the need for wastewater system improvements. The fact sheet, sent by the mayor, was included in the application.

A needs assessment survey was distributed to the town's residents in March 2000. Local businesses donated nearly \$500 in cash and prizes for a drawing that could be entered only by those completing the needs assessment survey. An advanced high school computer class is currently completing compilation of the survey. A copy of the needs assessment survey was included in the application. The town has an adopted CIP, which indicates that wastewater improvements are a high priority of the town. A copy of the CIP was also included in the application.

Support from the community appears to be strong as evidenced by a recent public hearing and numerous letters of support. The MDOC reviewer did note one letter that supported the improvements, but was not happy with the community's expansion. A public hearing was held on April 25, 2000 to solicit input and comments on the draft PER. Nineteen residents attended the hearing with only one individual in opposition of the project. At the public hearing there were no testimonies of opposition to the estimated user rate associated with the wastewater system improvements, which local citizens and affected property owners had been informed of prior to the meeting. The public notice, minutes, and a sign-in sheet from the public hearing were included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 17
Applicant: LAMBERT WATER AND SEWER DISTRICT, RICHLAND COUNTY
FOR WATER SYSTEM IMPROVEMENTS

This application received 3,532 points out of a possible 4,900 points and ranked 17th out of 39 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$403,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$403,000	Awaiting decision of legislature.
RRGL	Grant	\$100,000	Application submitted, awaiting decision of legislature.
SRF	Loan	\$ 36,000	Application to be submitted July 2001.
CDBG	Grant	\$242,450	Application to be submitted in 2001.
Applicant	Cash	\$ 25,000	Funds committed.
Project Total		\$806,450	

Median Household Income (MHI):	\$22,829	Total Population:	149
Percent Non-TSEP Matching Funds:	50%	Number of Households:	59

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$22.25	-	Target Rate:	\$37.67	-
Existing Wastewater Rate:	\$9.75	-	Rate With TSEP Funding:	\$46.59	124%
Existing Combined Rate:	\$32.00	85%	Rate With No TSEP Assistance:	\$90.52	240%

Project Summary

History – The water system serving the community was constructed in the late 1960's and early 1970's. The water system was originally under the control of Richland County. A water association board ran the day-to-day operation. The district was created in March 2000. The water system consists of a well and a 50,000-gallon storage reservoir. The storage reservoir was re-coated inside and out in 1990. The current well was drilled in 1977.

Problem - The district's water system has the following deficiencies:

- ☐ high levels of fluoride (consistently greater than 4.0 mg/L, the enforceable federal standard),
- ☐ water source fails to meet DEQ requirements regarding source capacity and number of sources, and
- ☐ breakage's in water service connections have allowed coliform bacteria to infiltrate the water system.

Proposed Solution - The proposed project would:

- ☐ construct a water treatment facility (reverse osmosis system),
- ☐ drill a new water well,
- ☐ install water meters, and
- ☐ replace water service connections.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the district has a serious problem with its water supply and high fluoride levels. The need is clearly established and the harmful effects of high fluoride have already become manifest in many cases of dental fluorosis, as confirmed by the area dentist and testimony by residents. The risk of debilitating skeletal fluorosis is also real and documented. In addition to the urgent need for improving the quality of the water supply, the district is in need of another well since the district is wholly dependent on a single water source. The dependence on a single source threatens the district's ability to maintain system pressure and has the potential for future contamination. There have been notices of violations and the seriousness of the situation is well documented by the DEQ and the applicant's engineer. Violation of a primary contaminant standard is a serious threat to health. When scoring the project, it was determined that Lambert should be considered as being under an administrative order and under threat of fines since that next step by DEQ would be imminently forthcoming.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 24th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43%. The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 16.6%. The relative concentration of persons living at or below the *Poverty* level ranked 12th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete, however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that potentially important issues were not adequately addressed. Background information was limited, such as population estimates and growth projections. Projected O&M costs include all of the costs associated with the new system, but do not appear to include current O&M costs that will continue, this discrepancy could lead to greater rate increases than anticipated. While the PER thoroughly examined the reverse osmosis alternative, the only other alternative that was presented, a surface water source, does not appear to have been given serious technical evaluation before cost estimates were made. Unit cost estimates were not provided and there was no explanation for what appears to be an oversized delivery line. When DEQ was contacted about this project they identified records of three wells with low fluoride levels in the near vicinity, but with higher levels of total dissolved solids and sulfates. DEQ personnel questioned whether or not the water from the existing well could be blended with other well water to control fluoride levels. This alternative was not explored nor was any additional information provided on other wells in the area.

The proposed solution is reasonable but may be much more costly than other potential solutions that were not evaluated. If the system is properly maintained the technical design should provide a reasonably complete, cost-effective and long-term solution. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that in 1995, Richland County and the Lambert Sewer and Water Association worked together to launch a step-by-step approach which integrated community goals (included in the application). The proposed project is one of the highest prioritized public facility needs documented in the community needs assessment completed for the community in 1996. The response to the survey was very successful. Survey respondents ranked water quality and pressure as very important to improve. The district was formed in March of 2000. Residents voted 81 for and 1 against the formation of the district. The district is planning to complete a CIP by October 2000. The district will install individual service connection meters with the proposed project. Upon completion of the proposed project, a wellhead protection plan will also be completed. Currently, the proposed project is consistent with the Overall Economic Development Plan (OEDP) which has been adopted by Richland County, as a long-term, comprehensive plan. The MDOC reviewer noted that the OEDP was not included in the application.

The district has had a flat rate (combined water and sewer) for residential and business hookups of \$32.00 per month, which has allowed a reserve account of \$72,586 to be accumulated. The district will

Governor's Budget

implement a new rate structure, with the average monthly water rate increasing to \$36.84 instead of the flat water rate of \$22.25. The additional \$14.59 has been designated for the operation and maintenance costs as well as repayment of debt associated with the district's water system.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, and CDBG grants in combination with a SRF loan and local reserves. The district is committing \$25,000 cash from its reserve fund to the project. Included in the application was an income survey that was conducted in April of 1996. The survey verified an LMI of 53 percent, thus making the applicant eligible for a CDBG grant. The applicant is eligible for RD funding, which could be used as an alternative-funding source.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the failings of the water system strongly discourage businesses from expanding or relocating to the community. Businesses, including the school system, are at risk of closure with the constant and real threat of exposure to dental fluorosis, skeletal fluorosis, and other-related public health and safety issues. The proposed project is an infrastructure improvement that will benefit the entire community, and is not directly related to the expansion of a specific business. The proposed project is likely to maintain as well as stimulate the progress of the private property tax base. The MDOC reviewer notes that the high amount of fluoride in the water and health impact it is having on the children could definitely dissuade new families from moving into the community.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that since 1995, the Lambert Sewer and Water Association, in conjunction with Richland County, has encouraged active citizen participation by providing many opportunities to discuss public facility, housing, and economic problems. Richland County Housing Authority launched a promotional campaign to identify and prioritize the county's community development needs and priorities. There were two needs assessment surveys sent to randomly chosen residents. The county continued with a proactive approach to seeking citizen participation, during the development of a long-term, comprehensive plan. Hearings were held throughout the county. The results of the community needs assessment surveys consistently reflect the applicant's concern for a safe water supply. In May 1996, an income and community development needs assessment survey was sent to the residents of Lambert and Savage. The results again showed the concern for water safety.

The Association first approached the public on April 2, 1998 to explore the possibility of submitting federal and state applications for the proposed project and to prioritize the needs of the community. A petition to form a district was presented to the Richland County Commissioners in November of 1999. Election to form the Lambert Water and Sewer District was held on March 7, 2000. The vote was 81 in favor and one vote against the district formation. A public hearing for the purpose of submitting grant applications was held on April 19, 2000, at 7:00 p.m. A public notice advertising the hearing was published in the Sidney Herald-Leader on April 9, 2000, the official regional newspaper. Posters were placed at various locations announcing the public hearing, and there were 12 persons in attendance at this hearing. The MDOC reviewer noted that according to the applicant local citizens were informed that a rate increase would likely occur. However, the minutes of the April 19, 2000 public hearing did not state that rates were discussed, but did indicate that there is extremely strong public support.

The public support for the proposed project is well documented. Affidavits of publication, minutes, attendee lists and posters/flyers were included in the application. There were 61 letters of support received from residents of Lambert, which has only 59 households. The MDOC reviewer noted that these letters came from all age groups, school kids, concerned parents, and senior citizens. The largest percentage of the letters revolved around the damage the excess fluoride is causing to children's teeth. A dentist stated that the excessive fluoride is causing damage that may actually lead to fractured teeth and require complex dental treatment. In addition, there are letters from DEQ that state that action to correct the water problem must be taken, and that an administrative order is not warranted at this time due to the community's progress and commitment to correct the problem.

TSEP Application Summary for the 2001 Legislature
Project No. 18
Applicant: TOWN OF BROWNING FOR WATER SYSTEM IMPROVEMENTS

Note: This application is for the same project presented in the TSEP application from the Blackfeet Tribe.

This application received 3,440 points out of a possible 4,900 points and ranked 18th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP/Applicant	Grant	\$ 500,000	Awaiting decision of legislature.
TSEP/Blackfeet Tribe	Grant	\$ 500,000	Awaiting decision of legislature.
TSEP/E. Glacier	Grant	\$ 306,555	Awarded by the 1995 legislature.
RD/Applicant	Grant	\$ 375,000	Contacted, application has not been submitted. MDOC assumed 75 percent grant eligibility.
RD/Applicant	Loan	\$ 125,000	Contacted, application has not been submitted.
RD/Blackfeet Tribe	Grant	\$ 3,212,250	Contacted, application has not been submitted. MDOC assumed 75 percent grant eligibility.
RD/Blackfeet Tribe	Loan	\$ 1,070,750	Contacted, application has not been submitted.
CDBG/Applicant	Grant	\$ 400,000	Application was not submitted in 2000 as stated.
CDBG/E. Glacier	Grant	\$ 400,000	Application was not submitted in 2000 as stated.
Indian CDBG	Grant	\$ 600,000	Application was to be submitted 5/24/00, not awarded funds.
EDA	Grant	\$ 1,500,000	Application has not yet been submitted as stated.
EPA	Grant	\$ 720,000	Awarded – Tribe.
Tribal Housing	Grant	\$ 1,500,000	Awarded – NAHASDA.
Unknown	Unknown	\$ 445	App. stated E. Glacier had been awarded \$307,000.
Project Total		\$11,210,000	

Note: Since the application was submitted in May 2000, the Blackfeet Tribe presented to MDOC a new funding package. The new funding package does not include CDBG funds and the Tribe would assume the entire loan amount needed to construct the project.

Median Household Income (MHI):	\$12,330	Total Population:	10,333
Percent Non-TSEP Matching Funds:	96%	Number of Households:	1,266

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$27.77	-	Target Rate:	\$20.34	-
Existing Wastewater Rate:	\$15.11	-	Rate With TSEP Funding:	\$52.72	259%
Existing Combined Rate:	\$42.88	211%	Rate With No TSEP Assistance:	\$54.18	266%

Project Summary

History - The Town of Browning is located near the center of the Blackfeet Reservation and serves over half the population of the reservation. The town's wells were initially developed over 60 years ago. Population growth continues to take place causing major strains on the current water system. A recent project resulted in some improvements to water quantity, however, the water has a high content of iron and manganese. The Town of Browning owns and operates the water system under a cooperative agreement with the Blackfeet Tribe.

Problem – The town's water system has the following deficiencies:

- ☐ limited ground water supply,
- ☐ high iron and manganese content,
- ☐ leaks in mains and transmission lines,
- ☐ undersized transmission lines,
- ☐ insufficient storage, resulting in complete loss of water several times a year, and
- ☐ limited fire flow.

Note: The proposed solution does not address the problems with the existing distribution system piping. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution – The proposed project would:

- ☐ construct a collection system and treatment plant, and
- ☐ provide storage and transmission lines with meters to East Glacier and Browning.

Note: The water treatment plant would be owned by the Blackfeet Tribe, and the Tribe would wholesale the water to the Browning and East Glacier water systems who would then be responsible for charging their respective system users.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the East Glacier water supply is an unfiltered surface water supply, and is very susceptible to contamination by giardia, cryptosporidium, fecal coliform and other human pathogens. Surface water supplies are required by law to be filtered and disinfected. The East Glacier water supply has exceeded the Safe Drinking Water Act turbidity levels on several occasions. Public health experts have documented a direct correlation with elevated probability of the presence of human pathogens in water supplies with increasing turbidity levels. It is highly likely that illness or disease has occurred as a result of the unfiltered water supply. Clearly, the fact that the East Glacier water supply is not filtered represents a serious deficiency. East Glacier has been served with an Governor's Budget

administrative order by DEQ mandating the installation of a surface water treatment plant. The system has also been placed on a boil order to protect water consumers in the community. It is clear that serious consequences such as illness and disease are imminent.

It has been well documented through engineering analysis and numerous public comments that the water supply in the Town of Browning is inadequate to meet peak capacity demands and occasionally runs out. In some cases the town has been out of water for several days. This is a serious deficiency in a basic public infrastructure. Generally, the lack of water in households and public facilities is recognized by public health officials as being a very unsanitary condition, especially if the lack of water persists for several days. The potential for loss of water pressure puts the town under risk for contamination from groundwater or backflow. It is very possible that illness or disease has occurred as a result of the periodic loss of water supplies. The lack of water supply also presents a safety hazard due to the lack of adequate fire protection. The system is in compliance with all primary EPA contaminant levels, but the water is of very poor quality. The water is very hard and contains manganese and iron in excess of secondary standards. The iron and manganese problem causes severe damage to clothes, and equipment, and results in extra maintenance. The iron and manganese problem has resulted in substantial property damage and is a significant economic burden to the community.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 900 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Note: The MHI, LMI, and Poverty statistics used in the Household Economic Condition Analysis and the target rate used in the Target Rate Analysis were derived by combining census data for the Town of Browning, North Browning CDP and South Browning CDP based on the proportion of households and persons within each of the jurisdictions, since all of these areas are served by the Browning water system. This is the same methodology MDOC uses to calculate these statistics for county water and sewer districts or neighborhood specific projects.

Indicator 1. Household Economic Condition Analysis: 5th Quintile = 360 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 3rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 68%. The relative concentration of persons living at or below the *LMI* level ranked 3rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 48.3%. The relative concentration of persons living at or below the *Poverty* level ranked 2nd out of the 38 applications.

Indicator 2. Target Rate Analysis: 5th Quintile = 540 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineers noted that the engineer has done an excellent job of identifying the problems and estimating need for the future. However, various information was not included in the PER that raised serious questions regarding the appropriateness of the selected alternative. The environmental analysis was not detailed and did not include each alternative, and a detailed comparative evaluation and ranking of each alternative was not presented. The PER did not fully describe the condition of the distribution systems, rehabilitation costs, and the impact on system water demand. Correction of excessive distribution leakage could have a significant impact on the design basis and cost of water supply improvements and may even influence the selected alternative.

Unit costs and quantities were not presented for key items such as pipelines. Detail itemized O&M costs were not presented for each alternative. In addition, O&M costs were based on a comparison of existing treatment plants, but did not include pipeline, lift station and storage tank O&M cost for each alternative. A present worth cost analysis was not prepared. The Two Medicine Reservoir Alternative does not appear to include the cost of bringing in power lines. A user cost analysis was not presented in the PER.

Problems with Browning and East Glacier's water supply problems have a long history. Several engineering firms have been involved and several engineering reports have been prepared in the past. In this process several potential groundwater and surface water sources have been investigated and appropriately eliminated from consideration. Based on this previous analysis, the review engineer believes groundwater sources of sufficient quantity and quality will be difficult to find in the Browning area. However, the PER for this application identified two new groundwater sites at Cut Bank Creek: the Evans site and the Takes Gun Site. The PER specifically says the Town of Browning and the Blackfeet Housing Authority are in the process of developing a well at the Evans site to determine the potential groundwater yield. The PER further states that if the yield and quality are adequate to supply Browning, a well field will be developed. The PER proposes the same for the Takes Gun Site. These comments are confusing considering that the PER also proposes developing an \$11 million surface water treatment plant at Two Medicine Reservoir. If treatment of the Evan site well is not required, the PER presents a cost of \$2.7 million for this alternative. Combined with the \$2.3 million cost of separate treatment of Midvale Creek for East Glacier the total cost of treatment for both Browning and East Glacier would be approximately \$5 million. This is half the cost of the currently proposed alternative. The PER should have to clarified the status of groundwater sources at the Evans and Takes Gun Sites.

Separate surface water treatment utilizing Cut Bank Creek for Browning and Midvale for East Glacier would cost a total of \$8 million compared to \$11 million for the Two Medicine Supply. Even with the increased O&M costs associated with more operators and additional testing, it is not clear that the annual cost for the Two Medicine Reservoir option is more cost effective. The PER did not present a detailed annual cost comparison or present worth analysis of the alternatives evaluated. These alternatives were only compared narratively using subjective arguments. This could be misleading and a more detailed comparative analysis should be performed. Considering previous reports and the alternatives presented in this PER, all of the alternatives appear to have been identified, but they have not all been fully developed. In addition, the comparative evaluation of each alternative is not complete considering O&M costs, capital costs, present worth costs, operation and maintenance requirements, environmental impacts of each alternative, site conditions and other factors. Presentation of these factors

Governor's Budget

in a matrix rating system would have made it more clear how the applicant selected the preferred alternative. The proposed alternative will solve all of the deficiencies, but the alternative analysis did not sufficiently document through engineering, environmental, and economic analysis that an appropriate, efficient and cost effective alternative was selected.

The MDOC review engineers noted that the applicant would potentially benefit by further analysis of other potential water sources, conducting a hydraulic model and providing a full 20-year life cycle cost analysis for all reasonable scenarios. Since this is a very large and important project, it would warrant further engineering research to be sure the best solution is found and all costs are identified.

The MDOC review engineers noted that the environmental checklist was complete, but provided little explanation in the comment section of the checklist and often stated that the item will be addressed in an environmental assessment. An environmental evaluation of each alternative does not appear to have been performed and environmental impacts do not appear to have been a consideration in the comparative evaluation of alternatives. The applicant stated that endangered species such as wolf and grizzly bear could be impacted as could historical and cultural resources.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that it has made continuous efforts to improve and expand the water supply and service since 1975. However, these improvements have been designed around ground water sources located in the vicinity of Cut Bank Creek and have not been successful. One major obstacle was achieving cooperation between the Blackfeet Tribe, East Glacier and the Town of Browning. In April of 1998 and May of 2000, memorandums of agreement that initiate cooperative efforts between the parties were signed. These documents were included in the application. Existing homes in Browning are metered and all new construction requires meters. The town is currently in the process of replacing 100 outdated meters.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of EDA, Indian CDBG, Blackfeet Housing, TSEP, CDBG, RD, and EPA grants in combination with RD loans. Due to its complexity, there may be potential problems with the proposed funding package. The application indicated amounts that the Town of Browning and the Tribe would apply for from RD without indicating the breakout between loan and grant, or what the terms of a loan would be. In order to proceed with the financial analysis, MDOC conferred with RD and used the assumption of 75 percent potential grant allowance. In addition, the Town of Browning verbally stated to the MDOC reviewer that they do not intend to apply to RD for a loan unless they absolutely have to. The application also indicated that the Town of Browning and the East Glacier Water and Sewer District would be applying to CDBG in 2000, but no applications were received in May. This is understandable for the Town of Browning since the CDBG program would not accept an application in the same year that an application is being submitted to TSEP, because of the extended approval process for TSEP applications. The MDOC reviewer noted that it was not stated whether the East Glacier Water and Sewer District has discussed the CDBG application with Glacier

County. Under the CDBG program, counties must apply on behalf of county water and sewer districts. The EDA program indicated it is uncertain when EDA funds might become available but that it is likely that the earliest would be 2002. It is important to note that three different entities are in the process of seeking funds from six funding agencies. Given the large number of funding sources and entities involved in this project, the loss of any one of these sources could jeopardize the project. When all of the potential problems are viewed together, the proposed funding package appears to be less viable than most other TSEP applicants.

Partly in response to MDOC's need for financial information, a meeting was put together by Senator Max Baucus' office to discuss East Glacier's outstanding loan with RD and to explore other ways to fund the proposed project. Subsequently, the Tribe and the Town of Browning submitted the required financial information late in August 2000, which presented a new funding package without any type of CDBG funding. It also showed the Tribe assuming the entire loan needed for the project, which would then be incorporated into the rates that the Tribe charges Browning and East Glacier for water. The new funding package assumes a loan of \$1,545,805 and a grant of \$4,637,415, both of which would be obtained from RD by the Tribe. In addition to the funds already committed to the project, the funding package still assumes that an additional \$1 million would be obtained from TSEP and \$1.5 million would be obtained from EDA.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the water system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that it is a low-income area, with a tremendous need for homes and jobs but these cannot be provided without adequate water. The project would allow the town to authorize additional connections to the water system, which will encourage new commercial and housing construction. Housing construction alone could result in \$7.5 million in wages over the next three to four years. The Blackfeet Tribe is proposing a new grocery store with 35-40 potential jobs and a bottled water plant with 10-15 jobs. The MDOC reviewer noted that the Blackfeet Tribe's TSEP application included a one-page summary relative to a proposed shopping center in Browning, however, no documentation from the Blackfeet Tribe or the Town of Browning relative to the bottled water project was included in the applications. The applicant stated that it is unlikely the project will result in expansion of the private property tax base because trust property cannot be taxed.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 160 Points

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, or was able to document that the public was adequately informed about the proposed project.

The applicant stated that the Mayor has provided estimates of what user costs would be for the project. However, the MDOC reviewer noted that no documentation was included in the application. The application included newspaper articles describing the water problems in Browning and some of the

options considered to resolve them. The MDOC reviewer noted that no minutes of community meetings or public hearings were included in the application. The application referred the MDOC reviewer to the Blackfeet Tribe's TSEP application for documents relative to public meetings. The Tribe's application indicated that the Blackfeet Planning and Development Department went to communities within the Reservation to obtain input on the need of the communities, in February and March of 2000. The application included an affidavit of publication for these meetings and indicated that a community meeting was held in Browning on February 22, 2000. The Tribe's application stated that that since the Tribe will be the principal owner of the treatment plant and waterlines, and will wholesale water to East Glacier and Browning, it is the responsibility of those community's to inform their consumers of any price increases. As a result, the MDOC reviewer could not determine whether the actual water users were informed of how much the water would cost them or what their proposed rates would be. However, there was an article included in the application from the Great Falls Tribune dated February 29, 2000, which stated the mayor of Browning said that to finance the project, the city would need to raise rates by more than \$20.00 a month.

TSEP Application Summary for the 2001 Legislature
Project No. 19
Applicant: TOWN OF KEVIN FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,392 points out of a possible 4,900 points and ranked 19th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$385,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$385,000	Awaiting decision of legislature.
CDBG	Grant	\$300,000	Application to be submitted in 2001.
SRF	Loan	\$ 75,200	Contacted, project on priority list, application has not been submitted as stated.
RRGL	Grant	\$ 9,800	TA grant funds committed.
Project Total		\$770,000	

Median Household Income (MHI):	\$16,667	Total Population:	177
Percent Non-TSEP Matching Funds:	50%	Number of Households:	88

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$25.18	-	Target Rate:	\$27.50	-
Existing Wastewater Rate:	\$11.69	-	Rate With TSEP Funding:	\$37.45	136%
Existing Combined Rate:	\$36.87	134%	Rate With No TSEP Assistance:	\$74.68	272%

Project Summary

History – The town currently has a wastewater collection system and treatment facility that was constructed in 1970. The existing collection system is comprised of approximately 10,000' of 8" PVC pipe and one sewage lift station. The treatment facility is a hybrid aerated lagoon system comprised of an aerated first cell and facultative second cell. The effluent from the treatment facility discharges into a drainage of the Marias River.

Problem – The town's wastewater system has the following deficiencies:

- ☐ frequent BOD violations resulting in a notice of violation being issued by DEQ,
- ☐ the lift station and wet well have reached the end of their useful life,
- ☐ no backup power source, and
- ☐ ground water is infiltrating into the collection system.

Proposed Solution – The proposed project would:

- ☐ construct a new accelerated facultative lagoon facility,
- ☐ remove sludge from the existing lagoons utilizing liquid dredging and land application,
- ☐ disassemble the existing lagoon cells,

- ☐ replace lift station pumps and motors,
- ☐ rehabilitate the existing wet well, and
- ☐ install a backup power supply for the lift station.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or have some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer stated that inadequately treated wastewater is being discharged to a dry lake bed in a location that is easily accessible by the public, and therefore, presents a serious risk of illness or disease. The BOD discharge permit limit has been violated nine times in the last two years. The treatment system is inadequate for the volume of water treated. The lack of a back-up generator for the lift station and the age of the lift station pumps creates a risk of exposure of the general public to raw wastewater caused by sewer back-ups into buildings. While serious illness or disease has not been documented to have occurred yet, the MDOC review engineer noted that they have a reasonable probability of occurrence in the near-term as a result of the deficiencies.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 612 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 9th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 59%. The relative concentration of persons living at or below the *LMI* level ranked 5th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 28.9%. The relative concentration of persons living at or below the *Poverty* level ranked 5th out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER presented a thorough analysis of alternatives and costs and that the PER documented that the project will provide a long-term solution to the town's needs. The applicant selected a no-action alternative for the collection system even though collection system deficiencies were identified in the PER. The MDOC review engineer also noted that the accelerated lagoon would require a deviation from DEQ standards. However, these minor issues do not raise serious questions regarding the appropriateness of the alternative selected by the applicant. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant as scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

Kevin is a small rural town whose population has declined steadily since 1970 when the original wastewater facilities were constructed. The applicant stated that as population declines, revenues for the wastewater system decline, and the ability to operate and maintain a public system becomes increasingly difficult. The applicant stated that most of the problems with the wastewater facility are due to the system being 30 years old, ten years past its expected design life. When the town started experiencing effluent problems they made attempts to correct the deficiencies. Due to the simplicity of their water and wastewater systems, the town felt that formal planning documents were not needed. However, due to future projects and regulations, the town plans to start working towards the development of a CIP. A community needs survey and an income survey were included with the application. The MDOC reviewer noted that the results of the surveys were not included in the application because, at the time of the TSEP application, all responses had not yet been received.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP and CDBG grants in combination with an SRF loan. The applicant stated that RRGL was considered, however, the maximum grant amount is less than CDBG and TSEP and submitting for another grant was too time consuming and costly. The applicant stated that a portion of the current sewer rate is obligated to an INTERCAP loan that was used to fund the planning phase of this project. The INTERCAP loan will be rolled into the SRF loan. The applicant stated a loan was considered from RD, TSEP, INTERCAP and from local banks. An SRF loan was chosen due to the more favorable interest rate and terms. Currently, the town is on the program's priority list. The town will apply to the CDBG program in 2001. Without TSEP funds the applicant's combined rate would be 272 percent above the MDOC recommended target, therefore, TSEP funds are an essential part of the funding package.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project would not directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans, however, without a reliable wastewater collection and treatment facility, businesses and residential development opportunities will not flourish and new sources of jobs will not materialize. The applicant stated that the current condition of the wastewater system would not allow expansion of any business that discharges wastewater to the existing facility.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant held a sewer rate hearing in October of 1999. The project was on the council agenda December 13, 1999 and January 10, 2000. On March 6, 2000, the applicant held a public hearing relative to the project. At this hearing, impacts on user rates were discussed. A summary of the public hearing's presentation was given at a regular council meeting on March 22, 2000. The MDOC reviewer noted that the applicant held council meetings relative to the project, but the public's attendance was minimal. The applicant provided a legal affidavit and a copy of the material presented at the public hearing held in March of 2000, however, the application did not include documentation of the public's attendance at this hearing. The applicant included two newsletters that were sent out with water and sewer bills throughout the planning process as well as a copy of the community needs survey and the income survey conducted by the town.

TSEP Application Summary for the 2001 Legislature
Project No. 20
Applicant: POWER WATER AND SEWER DISTRICT, TETON COUNTY
FOR WATER SYSTEM IMPROVEMENTS

This application received 3,392 points out of a possible 4,900 points and ranked 20th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. However, the amount of TSEP funds as requested would result in the applicant having only a 40 percent local match and the applicant does not qualify for a hardship grant. Therefore, **MDOC recommends a reduced TSEP grant of \$425,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$500,000	Awaiting decision of legislature.
RRGL	Grant	\$100,000	Application submitted, awaiting decision of legislature.
SRF	Loan	\$203,500	Contacted, project on priority list, application to be submitted.
Applicant	Cash	\$ 31,500	Funds committed.
Project Total		\$835,000	

Note: the applicant has submitted a new funding package as a result of needing to provide a larger match. The new funding package is discussed in Statutory Priority #5.

Median Household Income (MHI):	\$29,483	Total Population:	170
Percent Non-TSEP Matching Funds:	40%	Number of Households:	69

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$19.60	-	Target Rate:	\$48.65	-
Existing Wastewater Rate:	\$19.60	-	Rate With TSEP Funding:	\$55.60	114%
Existing Combined Rate:	\$39.20	81%	Rate With No TSEP Assistance:	\$87.91	181%

Project Summary

History – The district was created in 1969. In 1970, a conventional package water treatment plant, transmission main and distribution system were constructed. There is also a 6,000,000 gallon pre-sedimentation reservoir. In 1977, a booster pump station and a 50,000 gallon concrete tank were added to the system. The current water supply is considered undrinkable by most residents, and will not meet all proposed 2003 EPA requirements, specifically those relating to turbidity levels.

Problem – The district's water system has the following deficiencies:

- ☐ treatment plant is outdated and sub-standard,
- ☐ lack of back-up treatment system,

- ☐ limited water distribution,
- ☐ inability to provide fire flow, and
- ☐ grossly inadequate storage.

Note: the problems related to storage and distribution would not be resolved by the proposed project, and therefore, were not taken into consideration in the scoring of Priority #1.

Proposed Solution – The proposed project would include pilot testing of conventional treatment versus membrane technology to determine the best treatment alternative and the construction of a new treatment plant.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that serious consequences clearly attributable to the lack of redundancy and inadequate treatment are likely to occur in the near-term. The applicant adequately documented the deficiencies and potential impacts on the public's health, safety and welfare with sample results, letters from DEQ, and a copy of the comprehensive performance evaluation. Discussions with DEQ personnel substantiated the applicant's concern regarding the seriousness of the problem. The deficiencies are existing and continual and affect the entire community of Power.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 37th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37%. The relative concentration of persons living at or below the *LMI* level ranked 25th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 9.0%. The relative concentration of persons living at or below the *Poverty* level ranked 33rd out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER was generally complete and well done. The report did not discuss disposal of waste generated from water treatment, but it does not appear that this minor issue would raise serious questions regarding the appropriateness of the alternative selected by the applicant. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that the district completed a comprehensive study of the water system and the need for a wastewater system in 1981. As a result, a wastewater collection and treatment system was constructed in 1985. In 1988, the district worked with the DHES in the preparation of a comprehensive performance evaluation of the water treatment facility. The district implemented all of the recommendations with the exception of major infrastructure items. In 1995, the district faced the possibility of water shortages during peak periods of the year, and decided to install water meters. The district used its reserves to pay for the metering project. The district is fully metered, and charges are based on the amount of water used. An additional amount is charged when the maximum water allotment is exceeded. System users are only allowed to water on a rotating basis every other day during the summer months. In 1999, the district completed a community needs survey.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The applicant stated that the district is in the process of completing and submitting funding proposals to the RRGL and SRF programs. The CDBG and RD programs were considered as possible grant funding sources. However, both the census data and the income survey conducted in Power showed that the district would not meet eligibility requirements of

these programs. Recently, DNRC staff suggested the district send a letter to the SRF program requesting that the proposed project be included on the Montana Project Priority List. A copy of that letter was included in the application.

The MDOC reviewer noted that \$500,000 was requested in the TSEP application, with only a 40 percent match. The *TSEP Application Guidelines* state that a 50 percent match is required unless the following tests are met:

1. a serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur; and the proposed project will correct the deficiencies; and
2. as a result of the water or wastewater project, user rates would be at least two times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
3. other sources of funding are not reasonably available.

The applicant failed to meet the second test that user rates would be at least two times the community's "target rate." Since the applicant does not qualify for a hardship grant, the TSEP grant amount would need to be reduced. Based on a total project cost of \$835,000, the TSEP grant amount would need to be reduced to \$417,000. After bringing this to the attention of the applicant, a new financing package was introduced by the applicant utilizing a RD loan. Because of the additional loan amount required, the total cost of the proposed project is now estimated to be \$858,000, with a \$298,000 loan. The applicant has proposed reducing the TSEP grant to \$425,000. RD has indicated that the district would be eligible for a loan.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the existing water system is at maximum capacity, thereby limiting growth in the district because the current system isn't capable of supporting additional users. A positive economic impact will be realized because the improvements will allow commercial and industrial growth to occur, as well as, possibly encouraging people to relocate to Power. Other small communities in the area have seen increased growth due to people moving from Great Falls. Businesses will be more likely to relocate to the district if an adequate supply of water is available for consumption and for fire fighting purposes. The proposed system improvements will allow for expansion of district boundaries. Growth within the district or an expansion of the district would result in a corresponding increase in the private property tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that a county commissioners' work session was held at the Power Senior Center on January 25, 2000, to discuss the water system and plans for obtaining public comment. A copy of the minutes for the meeting and a newspaper article about the meeting were included in the application. At a public meeting conducted in Choteau in February, Teton County residents had the opportunity to voice their opinion relating to infrastructure needs throughout Teton County. In spite of poor winter driving conditions and sub-zero temperatures, 13 Power residents drove 70 miles to express their concerns about the water system in Power. A majority of the 27 people in attendance felt that the Power water system should rank number one on the list of Teton County infrastructure needs. The commissioners agreed. Also, at this meeting a staff member of the Teton County Development Corporation reviewed available funding sources. On April 13, a second public meeting was held in Power to review the PER. Twenty-eight people attended the meeting. The project engineer summarized the components of the present water system, present and future population trends and water use projections. He presented cost estimates to provide for short and long-term financial planning. Residents were told that the proposed project would result in water bills ranging from \$33 to \$35, which is slightly below MDOC's calculation of the rates if using an RD loan. However, the engineer's presentation did show an amount of \$36.93 if the RD loan was used. Legal notices were published twice in both the Fairfield and Choteau newspapers. The Power School's monthly publication that is mailed to all residents also included meeting notices. Posters containing meeting times and locations were displayed throughout the county and the community of Power. Copies of all public notices, posters, school newsletters, sign-in sheets and minutes for both meetings were included in the application. A copy of the presentation from the April meeting was also included in the application. The application also included copies of minutes from several meetings of the Teton County Development Corporation, at which the proposed project was discussed.

Also included in the application were nine letters of support for the project, six of which were from public officials. In January 2000, several Power residents formed an advisory committee. The committee met several times to develop a needs assessment that included an economic survey. The survey was distributed by committee members to residents of the district, and 100 percent of those receiving the survey returned it to committee members. In an effort to obtain accurate income information, an income survey was subsequently developed, which was reviewed and approved by MDOC prior to distribution. The purpose of this additional survey was because the district did not believe that the MHI, based on the U.S. Census figures, was representative of those actually living within the district. The U.S. Census figures took into account a significant amount of area outside of the district. There was an 89 percent return rate for this survey. A third survey in the form of a comment sheet was also distributed. The survey provided business owners and non-profit organizations an opportunity for input. One hundred percent of those receiving the comment sheet, and who were water system users, responded. In addition, the water advisory committee helped design a community needs survey, and then distributed and picked up the surveys when they were completed. They were able to deliver to 66 out of 67 households, and received a 100 percent response rate. The application contained copies of all of the surveys and the results.

TSEP Application Summary for the 2001 Legislature

Project No. 21

**Applicant: THE BLACKFEET TRIBE FOR WATER SYSTEM IMPROVEMENTS
TO SERVE THE TOWN OF BROWNING AND EAST GLACIER PARK WATER AND SEWER DISTRICT**

Note: This application is for the same project presented in the TSEP application from the Town of Browning.

This application received 3,332 points out of a possible 4,900 points and ranked 21st out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP/Applicant	Grant	\$ 500,000	Awaiting decision of legislature.
TSEP/Browning	Grant	\$ 500,000	Awaiting decision of legislature.
TSEP/E. Glacier	Grant	\$ 306,555	Awarded by the 1995 Legislature.
RD/Browning	Grant	\$ 375,000	Contacted, application has not been submitted. MDOC assumed 75 percent grant eligibility.
RD/Browning	Loan	\$ 125,000	Contacted, application has not been submitted.
RD/Applicant	Grant	\$ 3,212,250	Contacted, application has not been submitted. MDOC assumed 75 percent grant eligibility.
RD/Applicant	Loan	\$ 1,070,750	Contacted, application has not been submitted.
CDBG/Browning	Grant	\$ 400,000	Application was not submitted in 2000 as stated.
CDBG/E. Glacier	Grant	\$ 400,000	Application was not submitted in 2000 as stated.
Indian CDBG	Grant	\$ 600,000	Application was to be submitted 5/24/00.
EDA	Grant	\$ 1,500,000	Application has not yet been submitted as stated.
EPA	Grant	\$ 720,000	Awarded – Tribe.
Tribal Housing	Grant	\$ 1,500,000	Awarded – NAHASDA.
Unknown	Unknown	\$ 445	App. stated E. Glacier had been awarded \$307,000.
Project Total		\$11,210,000	

Note: Since the application was submitted in May 2000, the Blackfeet Tribe presented to MDOC a new funding package. The new funding package does not include CDBG funds and the Tribe would assume the entire loan amount needed to construct the project.

Town of Browning			
Median Household Income (MHI):	\$12,330	Total Population:	10,333
Percent Non-TSEP Matching Funds:	96%	Number of Households:	1,266

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$27.77	-	Target Rate:	\$20.34	-
Existing Wastewater Rate:	\$15.11	-	Rate With TSEP Funding:	\$52.77	259%
Existing Combined Rate:	\$42.88	211%	Rate With No TSEP Assistance:	\$54.18	266%

East Glacier Park Water and Sewer District			
Median Household Income (MHI):	28,077	Total Population:	400
Percent Non-TSEP Matching Funds:	96%	Number of Households:	173

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$20.00	-	Target Rate:	\$46.33	-
Existing Wastewater Rate:	\$13.00	-	Rate With TSEP Funding:	\$56.45	122%
Existing Combined Rate:	\$33.00	71%	Rate With No TSEP Assistance:	\$66.55	144%

Project Summary

History – Since 1985, the Town of Browning has suffered from periodic drinking water shortages. Demand has outpaced available supply by several hundred gallons per day. In 1989, '91, '92, '95, '98, and '99, the community essentially ran out of water for several days, forcing schools to close and initiating emergency plans for other closures.

The community of East Glacier currently obtains its water from Midvale Creek. The system serves approximately 400 residents and many of the estimated 2.1 million annual visitors to Glacier National Park. There has been a DEQ boil order in place since March of 1994 and an administrative order to install a water treatment facility. The district obtained a TSEP grant in 1995 to construct a water treatment plant. Since that time a joint project that would serve both communities has developed. The TSEP funds previously obtained by the district would be used to help finance this proposed project.

Problem – The Town of Browning has the following deficiencies related to its water system:

- ☐ transmission lines leak and break frequently, and
- ☐ poor water quality and limited quantity.

The East Glacier Park Water and Sewer District has the following deficiencies related to its water system:

- ☐ no water treatment, except for chlorination, in violation of state standards, and
- ☐ high water turbidity.

Proposed Solution – The proposed project would:

- ☐ construct a surface water treatment plant at the Lower Two Medicine Reservoir, and
- ☐ construct a water main that delivers potable water to both Browning and East Glacier.

Note: The water treatment plant would be owned by the Blackfeet Tribe, and the Tribe would wholesale

the water to the Browning and East Glacier water systems who would then be responsible for charging their respective system users.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the East Glacier water supply is an unfiltered surface water supply, and is very susceptible to contamination by giardia, cryptosporidium, fecal coliform and other human pathogens. Surface water supplies are required by law to be filtered and disinfected. The East Glacier water supply has exceeded the Safe Drinking Water Act turbidity levels on several occasions. Public health experts have documented a direct correlation with elevated probability of the presence of human pathogens in water supplies with increasing turbidity levels. It is highly likely that illness or disease has occurred as a result of the unfiltered water supply. Clearly, the fact that the East Glacier water supply is not filtered represents a serious deficiency. East Glacier has been served with an administrative order by DEQ mandating the installation of a surface water treatment plant. The system has also been placed on a boil order to protect water consumers in the community. It is clear that serious consequences such as illness and disease are imminent.

It has been well documented through engineering analysis and numerous public comments that the water supply in the Town of Browning is inadequate to meet peak capacity demands and occasionally runs out. In some cases, the town has been out of water for several days. This is a serious deficiency in a basic public infrastructure. Generally, the lack of water in households and public facilities is recognized by public health officials as being a very unsanitary condition, especially if the lack of water persists for several days. The potential for loss of water pressure puts the town under risk for contamination from groundwater or backflow. It is very possible that illness or disease has occurred as a result of the periodic loss of water supplies. The lack of water supply also presents a safety hazard due to the lack of adequate fire protection. The system is in compliance with all primary EPA contaminant levels, but the water is of very poor quality. The water is very hard and contains manganese and iron in excess of secondary standards. The iron and manganese problem is causing severe damage to clothes, and equipment, and results in extra maintenance. The iron and manganese problem has resulted in substantial property damage and is a significant economic burden to the community.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 792 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 5th Quintile = 360 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

Note: The MHI, LMI, and Poverty statistics used in the Household Economic Condition Analysis for the Tribe were derived by combining census data from the Town of Browning and the East Glacier Park Water and Sewer District based on the proportion of households and persons within each of the jurisdictions. This is the same methodology MDOC uses to calculate these statistics for county water and sewer districts or neighborhood specific projects.

- ❑ *Median Household Income* of \$13,958 ranked 4th out of the 38 applications.
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 67%. The relative concentration of persons living at or below the *LMI* level ranked 4th out of the 38 applications.
- ❑ The percent of persons living at or below the *Poverty* level is 47.0%. The relative concentration of persons living at or below the *Poverty* level ranked 3rd out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Note: The target rate analysis score for the applicant was determined by independently analyzing the combined user rates of Browning and East Glacier relative to their respective target rates. Browning was scored at the 5th quintile or 540 points, while East Glacier was scored at the 2nd quintile or 216 points. After taking into account that approximately 70 percent of the project cost is attributable to Browning, the applicant was scored at the 4th quintile or 432 points overall on the target rate analysis, taking into consideration the individual analyses.

<p>Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.</p>

<p>Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points</p>
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The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineers noted that the engineer has done an excellent job of identifying the problems and estimating needs for the future. However, various information was not included in the PER that raised serious questions regarding the appropriateness of the selected alternative. The environmental analysis was not detailed and did not include each alternative, and a detailed comparative evaluation and ranking of each alternative was not presented. The PER did not fully describe the condition of the distribution systems, rehabilitation costs, and the impact on system water demand. Correction of excessive distribution leakage could have a significant impact on the design basis and cost of water supply improvements and may even influence the selected alternative.

Unit costs and quantities were not presented for items such as pipelines. Detailed itemized O&M costs were not presented for each alternative. In addition, O&M costs were based on a comparison of existing treatment plants, but did not include pipeline, lift station and storage tank O&M cost for each alternative. A present worth cost analysis was not prepared. The Two Medicine Reservoir Alternative does not appear to include the cost of bringing in power lines. A user cost analysis was not presented in the PER.

Problems with Browning and East Glacier's water supply problems have a long history. Several engineering firms have been involved and several engineering reports have been prepared in the past. Several potential groundwater and surface water sources have been investigated and appropriately eliminated from consideration. Based on this previous analysis, the review engineer believes groundwater sources of sufficient quantity and quality will be difficult to find in the Browning area.

However, the PER for this application identified two new groundwater sites at Cut Bank Creek: the Evans site and the Takes Gun site. The PER specifically says the Town of Browning and the Blackfeet Housing Authority are in the process of developing a well at the Evans site to determine the potential groundwater yield. The PER further states that if the yield and quality are adequate to supply Browning, a well field will be developed. The PER proposes the same for the Takes Gun Site. These comments are confusing considering that the PER also proposes developing an \$11 million surface water treatment plant at Two Medicine Reservoir. If treatment of the Evan site well is not required, the PER presents a cost of \$2.7 million for this alternative. Combined with the \$2.3 million cost of separate treatment of Midvale Creek for East Glacier the total cost of treatment for both Browning and East Glacier would be approximately \$5 million. This is half the cost of the currently proposed alternative. The PER needs to clarify the status of groundwater sources at the Evans and Takes Gun Sites.

Separate surface water treatment utilizing Cut Bank Creek for Browning and Midvale for East Glacier would cost a total of \$8 million compared to \$11 million for the Two Medicine Supply. Even with the increased O&M costs associated with more operators and additional testing, it is not obvious that the annual cost for the Two Medicine Reservoir option is more cost effective. The PER did not present a detailed annual cost comparison or present worth analysis of the alternatives evaluated. These alternatives were only compared narratively using subjective arguments. This could be misleading and a more detailed comparative analysis should be performed. Considering previous reports and the alternatives presented in this PER, all of the alternatives appear to have been identified, but they have not all been fully developed. In addition, the comparative evaluation of each alternative is not complete considering O&M costs, capital costs, present worth costs, operation and maintenance requirements, environmental impacts of each alternative, site conditions and other factors. Presentation of these factors in a matrix rating system would have made it more clear how the applicant selected the preferred alternative. The proposed alternative will solve all of the deficiencies, but the alternative analysis did not sufficiently document through engineering, environmental, and economic analysis that an appropriate, efficient and cost effective alternative was selected.

The MDOC review engineers noted that the applicant would potentially benefit by further analyses of other potential water sources, conducting a hydraulic model and providing a full 20-year life cycle cost analysis for all reasonable scenarios. Since this is a very large and important project, it would warrant further engineering research to be sure the best solution is found and all costs are identified.

The MDOC review engineers noted that the environmental checklist was complete, but provided little explanation in the comment section of the checklist and often stated that the item will be addressed in an environmental assessment. An environmental evaluation of each alternative does not appear to have been performed and environmental impacts do not appear to have been a consideration in the comparative evaluation of alternatives. The applicant stated that endangered species such as wolf and grizzly bear could be impacted as could historical and cultural resources.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.
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Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the Town of Browning and the East Glacier Park Water and Sewer District have made long-term planning, management, and maintenance of public facilities a priority. The Town of Browning has made continuous efforts to improve and expand the supply and service since 1975. Improvements have been designed around ground water sources located near Cut Bank Creek, however, these efforts have not been successful. One major problem facing the town was gaining cooperation from the Blackfeet Tribe. In 1995, the town entered into a memorandum of agreement with the Tribe. The agreement, which outlines a unified utility operation, was included in the application. In 1982, the district took out a loan with RD to pay for water improvements and have since made some improvements. The applicant stated that a major problem for the district was achieving cooperation from the Tribe. Recently, the East Glacier Park Water and Sewer District, Town of Browning, Blackfeet Governor's Budget

Housing, Indian Health Service and the Blackfeet Tribe entered into a memorandum of agreement which details cooperative long-term efforts to deal with community water problems. This memorandum was also included in the application.

The MDOC reviewer noted that the district was awarded TSEP funds by the 1995 Legislature, but never constructed the project as proposed to the legislature. It was not until 1999 that MDOC learned of this new proposal to build a joint water treatment facility.

The applicant also stated that the Blackfeet Planning and Development Department (BPDD) will have completed a Comprehensive Economic Development Strategy (CEDS) for EDA by November 2000. The EDA program provides planning grants for administrative expenses to establish and implement economic development programs, and part of the requirements is to complete a CEDS. The Tribe intends its plan to cover a ten-year period.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, Indian CDBG, EDA, EPA, Tribal Housing, and RD grants in combination with RD loans. The applicant stated that the RD program has expressed an interest in helping the Tribe solve its water problems. On June 30, 1998, a letter was sent to Tribal Chairman Earl Old Person from John Romano, Deputy Administrator for the RUS, inviting the Tribe to participate in RD water programs.

The MDOC reviewer noted that there are several potential problems with the proposed funding package as presented in the application. First, the application simply showed amounts that the Tribe and the Town of Browning would apply for from RD, without indicating how much would be loan and how much would be grant, or what the loan rate and terms would be. After conferring with RD, the MDOC reviewer assumed the maximum potential grant allowance of 75 percent in order to proceed with the financial analysis. In addition, the Town of Browning verbally stated to a MDOC reviewer that they do not intend to apply to RD for a loan.

The application also indicated that the Town of Browning and the East Glacier Park Water and Sewer District would be applying to CDBG in 2000, but no applications were submitted. However, this is understandable since the CDBG program would not accept an application in the same year that an application is being submitted to TSEP, because of the extended approval process for TSEP applications. The MDOC reviewer noted that it was not stated whether the district has discussed the potential CDBG application with the Glacier County. Under the CDBG application guidelines, Glacier County would have to be the applicant for any funds on behalf of the district. Since submitting the application, the MDOC reviewer learned that the Tribe was unsuccessful in their application to the Indian CDBG program.

The EDA program indicated that given the large amount of funds to be requested, the earliest that those funds would likely become available would be in 2002. However, several of the TSEP applicants have indicated that EDA funds are to be applied for. Three of those applicants are requesting large grants, and in general, EDA funds are limited. As a result, it is uncertain when EDA funds might actually become available.

The MDOC reviewer noted that in addition to the fact that funding would need to be obtained from numerous funding agencies, it is also important to note that a total of three governmental entities are involved in seeking those funds. The loss of any one of these sources could potentially jeopardize the funding package for the proposed project.

The applicant did not submit all of the information required to adequately analyze financial need. In addition, the funding package for this project has changed several times since MDOC became aware of the proposed project, and has recently changed again as is explained in the next paragraph. Given its

Governor's Budget

complexity, when all of the potential problems are viewed together, the proposed funding package appears to be less viable than most other TSEP applicants.

Partly in response to MDOC's need for financial information, a meeting was put together by Senator Max Baucus' office to discuss East Glacier's outstanding loan with RD and to explore other ways to fund the proposed project. Subsequently, the Tribe and the Town of Browning submitted the required financial information late in August 2000, which presented a new funding package without any type of CDBG funding. It also showed the Tribe assuming the entire loan needed for the project, which would then be incorporated into the rates that the Tribe charges Browning and East Glacier for water. The new funding package assumes a loan of \$1,545,805 and a grant of \$4,637,415, both of which would be obtained from RD by the Tribe. In addition to the funds already committed to the project, the funding package still assumes that an additional \$1 million would be obtained from TSEP and \$1.5 million would be obtained from EDA.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the water system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that Browning and East Glacier have an enormous potential for economic growth if an adequate supply of water can be identified for each community. Currently, the Blackfeet Reservation is experiencing a 70 percent unemployment rate and is in need of 999 new homes. Much of the economic problems facing the Blackfeet Reservation stem from inadequate water supplies and infrastructure problems. The Blackfeet Indian Reservation is located next to Glacier National Park, which two million people visit each year. These tourists spend \$22 - \$28 million dollars each year. In spite of the enormous potential, the Blackfeet Tribe has been unable to tap into the tourism industry largely because of failing infrastructure.

The BPDD is charged with the responsibility to develop jobs and infrastructure, and has determined that 3,000 long-term jobs, along with adequate infrastructure, are required to develop and maintain a self-sustaining economic base. Currently, the BPDD has plans for a resort hotel, casino, and shopping mall. These projects have been on hold until such time as adequate water supplies can be established for both communities. These projects are expected to create approximately 1,200 long-term jobs. An executive summary, along with the floor plans for the resort hotel and casino, were included in the application. The MDOC reviewer noted that while the executive summary did not provide an in-depth analysis, it did provide a summary of the breakeven information.

In addition to the jobs created by the above businesses, the Blackfeet Indian Housing Authority has plans to build 967 new rental and owner occupied homes. The estimated cost of these homes total \$59,656,161. At least 60 percent of the total cost is labor costs. This is expected to translate into 500 additional long-term jobs.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.**Of the 400 points possible for this statutory priority, the Applicant was scored: 160 Points**

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, or was able to document that the public was adequately informed about the proposed project.

The applicant stated that the BPDD went to six communities within the Blackfeet Reservation to obtain input on the needs of those communities, including water problems, in February and March of 2000. The application included an affidavit of publication for the meetings. There were various newspaper articles describing the water problems in Browning and some of the options to resolve the situation.

The MDOC reviewer noted that there were no minutes or newspaper articles included in the application describing the community meetings or what was discussed. Since the purpose of the six meetings held around the Blackfeet Reservation were to obtain input on the needs of those communities, it is assumed that the proposed project was not dealt with specifically at these meetings.

The applicant stated that since the Tribe will be the principal owner of the treatment plant and waterlines, and will wholesale water to East Glacier and Browning, it is the responsibility of those communities to inform their consumers of any price increases. As a result, the MDOC reviewer could not determine whether the actual water users were informed of how much the water would cost them or what their proposed rates would be. However, the MDOC reviewer did note that there was an article included in the application from the Great Falls Tribune dated February 29, 2000. It states that the Mayor of Browning said that to finance the project, the city would need to raise rates by more than \$20.00 a month.

The memorandum of agreement recently entered into by the East Glacier Park Water and Sewer District, Town of Browning, Blackfeet Housing, Indian Health Service and the Blackfeet Tribe, which details the cooperative long-term efforts that will be made to deal with community water problems, is another sign that this project is a high local priority. The previous support shown by the East Glacier Park Water and Sewer District to resolve its problems was also taken into account in the scoring of this priority.

The applicant stated that the BPDD would complete a CEDS for EDA by November, 2000. The EDA program provides planning grants for administrative expenses to establish and implement economic development programs and one of the requirements is to complete a CEDS. The Tribe intends its plan to cover a ten-year period.

TSEP Application Summary for the 2001 Legislature

Project No. 22

Applicant: CITY OF WHITEFISH FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,312 points out of a possible 4,900 points and ranked 22nd out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Awaiting decision of legislature.
SRF	Loan	\$ 508,040	Contacted, project on priority list, application to be submitted.
RRGL	Grant	\$ 10,000	TA grant funds committed, partially expended.
Applicant	Cash	\$ 14,650	Funds expended.
Project Total		\$1,132,690	

Median Household Income (MHI):	\$21,569	Total Population:	5,682
Percent Non-TSEP Matching Funds:	56%	Number of Households:	2,396

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$25.94	-	Target Rate:	\$35.59	-
Existing Wastewater Rate:	\$15.85	-	Rate With TSEP Funding:	\$44.53	125%
Existing Combined Rate:	\$41.79	117%	Rate With No TSEP Assistance:	\$45.58	128%

Project Summary

History - The city's wastewater treatment facility was changed to an aerated three-cell lagoon facility in 1978. In 1988, the plant was upgraded to include a phosphorus removal process following treatment in the lagoons. Since installation of the phosphorous removal process, the city has had difficulty with de-watering the alum sludge generated by the flocculating clarifier. The existing belt-filter press is unable to produce a consistent sludge cake with reasonably high solids content. Consequently, the liquid sludge is routinely wasted to the plant influent stream and re-introduced to the aerated lagoon basins. Over the years, this sludge has accumulated in the basins and resulted in increased oxygen demands, reduced lagoon volumes and contributed to diffuser fouling. In 1998, the city implemented a project that allowed them to re-direct the alum sludge to three new de-watering beds and prevent continued accumulation in the aerated basins.

Problem – The city's wastewater system has the following deficiencies:

- ☐ the existing aeration diffusers suffer from frequent fouling,
- ☐ the blowers and some aeration piping are in need of replacement and up-sizing, and

- ☐ heavy sludge accumulations in the lagoons reduce detention times for the incoming wastewater and exert an oxygen demand, which takes away available oxygen for wastewater treatment.

Proposed Solution - The proposed project would:

- ☐ install new blowers,
- ☐ replace and up-size aeration lines,
- ☐ add control valves,
- ☐ install new, fine-bubble diffuser units in all three aeration cells, and
- ☐ remove, de-water and dispose of accumulated sludge from the treatment basins.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 400 Points

The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.

The MDOC review engineer stated that no serious consequences have occurred as a result of the deficiencies described in the PER. Continued operation under the current conditions could result in future discharge permit violations and associated serious consequences may occur at some point in the future

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 19th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41%. The relative concentration of persons living at or below the *LMI* level ranked 19th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 16.5%. The relative concentration of persons living at or below the *Poverty* level ranked 14th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 800 Points

The applicant clearly documented that it has proposed an appropriate, cost-effective technical

design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

The MDOC review engineer stated that the PER was complete and included all the necessary information. All identified deficiencies with the aeration and solids handling system will be addressed. The aeration system alternatives analysis was thorough and complete and resulted in the most efficient, appropriate and cost effective and long-term solution. The recommended sludge removal alternative will solve the entire sludge problem and is complete and long-term. The alternatives analysis for the sludge removal did not make it clear that a service company could not dredge and pump to the phase isolation cell less expensively than the chosen alternative. However, this minor omission does not raise serious questions regarding the appropriateness of the alternative selected by the applicant and can be addressed during design. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that in 1977, the city produced a wastewater facilities plan that resulted in an upgrade to aerated lagoons. In 1996, the city in conjunction with the Flathead Regional Development Office prepared the *Whitefish City-County Master Plan – Year 2020* and its companion *Natural Resource Analysis*. In 1995, the city in cooperation with the Big Mountain Sewer District produced the *Review of Big Mountain Sewer District and City of Whitefish Wastewater Collection and Treatment Systems*, which explored the feasibility of combining the two. In 1996, the city prepared the *Water Master Plan Update for Whitefish, Montana*. In 1997 the city completed their *Final Wastewater Facilities Plan – Whitefish, Montana*. To implement the long-term handling of alum sludge, the city produced a 1998 Technical Design Memorandum exploring alternatives for how to manage their phosphorus solids. The MDOC reviewer noted that none of the above mentioned documents were included in the application. In April 2000, the city prepared the *Aeration System Improvements and Lagoon Sludge Removal*, which was labeled the PER in the TSEP application. The applicant stated that it maintains a five-year CIP, which was included in the application. The applicant stated that between 1999 and 2001, system revenues will be increased by \$225,000. The applicant stated that the problems with the solids handling stem largely from poorly functioning equipment installed during a 1987 facility upgrade and the existing aeration system has never operated as intended.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 600 Points

The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding

sources.

The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves and an SRF loan. Local reserves and an RRGL grant have already been expended for planning. The project is on SRF's priority list and an application was submitted to RRGL in May of 2000. The CDBG program was considered, however, the applicant stated that the community's LMI percentage was too low to make it a good candidate. The MDOC reviewer noted that the applicant is not eligible for CDBG funding due to its LMI percentage. The applicant stated that RD was also considered but the city was reluctant to fund a project based on a loan maturity of 40 years.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project would not directly result in the expansion or location of any businesses in Whitefish, however, the current system cannot handle the existing flowrates and a properly functioning treatment facility is necessary for the community to have continued growth.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant conducted a public hearing on September 7, 1999, to discuss the need for the project and the rate increase necessary to fund the proposed wastewater improvements, including how the rates would be phased-in. The notice for the hearing, city council public discussions prior to the hearing, as well as the hearing's minutes are included in the application. The MDOC reviewer noted that, while the notice for the hearing indicates it was published on three occasions, there was no indication as to the method of publication. The application included one article published in the Kalispell Daily Interlake newspaper. The expected rate increases necessary to fund the local share of the TSEP project have already been approved by the city council and are to be phased-in between 1999 and 2001. The first phase of the increase has already been implemented. The applicant maintains a five year CIP.

TSEP Application Summary for the 2001 Legislature
Project No. 23
Applicant: CITY OF CHOTEAU FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,252 points out of a possible 4,900 points and ranked 23rd out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
SRF	Loan	\$1,028,935	Contacted, project on priority list, application to be submitted April 2001.
Project Total		\$1,528,935	

Median Household Income (MHI):	\$19,482	Total Population:	1,795
Percent Non-TSEP Matching Funds:	67%	Number of Households:	1,069

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$20.08	-	Target Rate:	\$32.15	-
Existing Wastewater Rate:	\$9.89	-	Rate With TSEP Funding:	\$39.03	121%
Existing Combined Rate:	\$29.97	93%	Rate With No TSEP Assistance:	\$43.17	134%

Project Summary

History – The city's wastewater system is over 80 years old. The collection system is made up primarily of clay tile and concrete pipe, with new portions made of PVC. The 30-acre single cell lagoon system was built in the mid-1950s. Wetlands around the lagoon are indicative of lagoon leakage.

Problem – The city's wastewater system has the following deficiencies:

- ☐ The collection system is generally located below the groundwater table, and the old pipe, with open joints in the old clay tile materials, is allowing large quantities of clear water to infiltrate into the system, resulting in surcharging of the sewer, sewage backups, and hydraulic overloading of the treatment system,
- ☐ a single cell lagoon that is unlined,
- ☐ deep sludge layers, and
- ☐ inadequate detention time.

Note: The proposed solution would not resolve problems related to the lagoon or all of the existing clay tile pipe. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution – The proposed project would:

- ☐ replace or rehabilitate 21,700' of collection lines, and

- ☐ rehabilitate 45 manholes.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that excessive infiltration and inflow overwhelm the system. The excessive sewage flows result in periodic back-ups and inadequate treatment of the wastewater prior to discharge. Sewage back-up into residences is a serious public health hazard and represents a significant risk of illness. Sewage back-ups have caused significant property damage in the past and claims against the city's insurance carrier are costly. In addition sewage back-ups into residences violate state and federal safety standards. Serious consequences clearly attributable to this deficiency are likely to occur in the near-term.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 14th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 40%. The relative concentration of persons living at or below the *LMI* level ranked 21st out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 10.7%. The relative concentration of persons living at or below the *Poverty* level ranked 29th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all

potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER thoroughly analyzed the entire system and identified all potential deficiencies. However, the proposed project will not resolve all the deficiencies identified in the PER. The proposed project represents the first phase of a complete and long-term schedule of improvements. The project will significantly reduce I/I flows, which was determined to be the highest priority improvement for the system.

The chosen alternative includes both pipe replacement and sewer pipe rehabilitation. In analyzing the rehabilitation alternative, there was a significant mathematical error, which increased the project by \$300,000. However discussion on this issue during the scoring process determined this to be only a minor issue and did not raise serious questions regarding the appropriateness of the alternative selected. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the city began planning for needed wastewater improvements in 1995 and water improvements in 1998. During this period, rates have been raised to bring water and sewer rates up to the city's "target" rates. The city has purchased a TV inspection system to better evaluate the condition of the sewer system and has been replacing or repairing some of the problem sewers. The problem is not of recent origin, and did not develop due to improper past operation or maintenance practices. The problems are mainly due to the age and materials of pipes that were installed almost 80 years ago and the type of lagoon technology in use when the treatment system was constructed in the 1950's. The system has outlived its useful design life and cannot be replaced under normal O&M practices. The proposed collection replacement project is part of the wastewater facilities plan adopted by Choteau in 1996. There was no reference to a community-wide CIP or whether one would be developed. The city is not metered but did mention in the application that metering the water system is a high priority. The MDOC reviewer noted that the applicant has applied for a grant from RRGL to install water meters.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with an SRF loan. The MDOC reviewer noted that the applicant has a 40 percent LMI making the community ineligible for CDBG funds. However, an income survey could still be conducted or approach the project by targeting LMI households. The applicant did not describe why other funding sources, such as RD, were not considered. The applicant has applied for a grant from RRGL to install water meters.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that it is unknown as to whether the proposed project will directly affect the economy of Choteau. The proposed project has the potential to be a positive lure for commercial industries. No specific firms have discussed expansion due to the wastewater improvements. However, a barley malting operation has considered locating in Choteau and the present wastewater system cannot handle the additional organic loading.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that public meetings were held in 1995 and 1996 to consider a draft facilities plan. An additional meeting was held on April 18, 2000 to update the citizens on the project, discuss costs, grant assistance and need for the improvements. Prior to this meeting, newsletters were distributed to the public. The newsletter was intended to provide the public with an understanding of the project and allow for public comment. A copy of the newsletter, and the minutes were included in the application. According to the minutes of the last meeting there were 28 persons in attendance. There were 14 letters of support in the application coming from local and state government, various businesses, and citizens of the community. User costs were discussed in the newsletter mailed to all city residents in April 2000, and further discussed during the April public hearing.

TSEP Application Summary for the 2001 Legislature
Project No. 24
Applicant: LOCKWOOD WATER AND SEWER DISTRICT, YELLOWSTONE COUNTY
FOR A WASTEWATER SYSTEM

This application received 3,172 points out of a possible 4,900 points and ranked 24th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
EPA	Grant	\$3,801,000	STAG grant funds committed.
EDA	Grant	\$1,000,000	Contacted, but application has not yet been submitted as stated.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
RD	Loan	\$3,236,453	Application submitted.
Project Total		\$8,637,453	

Median Household Income (MHI):	\$26,108	Total Population:	5,000
Percent Non-TSEP Matching Funds:	94%	Number of Households:	1,300

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$35.00	81%	Target Rate:	\$43.08	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$49.89	116%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$51.52	120%

Project Summary

History – The Lockwood area, which is adjacent to Billings, is the largest community in the State of Montana that does not have a centralized sanitary sewer system. Each resident or business within the district's boundary relies on septic tanks and drain fields, or experimental wastewater disposal systems. Many of the residents in the district are provided potable water by the Lockwood Water Users Association. Because of this, some lots within the district are only .5 acre in size and replacement drain field area is at a premium, with some of the lots having already replaced existing drain fields. The Lockwood Water and Sewer District was formed in 1997. The district completed a facilities plan in 1998, which was subsequently approved by the DEQ. The district successfully negotiated a long-term contract with the City of Billings to treat and dispose of the district's wastewater. The estimated total build-out cost for the entire proposed system is \$27+ million in 1997 dollars. The district has been awarded a \$3.8 million grant from the EPA towards the first phase, but the grant requires a match of approximately \$3 million dollars.

Problem – Lack of a centralized wastewater system is a problem because:

- ☐ there is a high percentage of drain field failures (approximately 25 percent),
- ☐ limited or no space for replacement fields,
- ☐ some of the systems have failed more than once, and
- ☐ the number of drain fields failing will increase as building in the area increases, thereby increasing the potential for groundwater contamination.

Proposed Solution – The proposed project would be the first of a multi-phase project to construct a sanitary sewer collection system for the district. Wastewater would be pumped across the Yellowstone River for treatment and disposal at the City of Billings Wastewater Treatment Plant. The first phase would include construction of the trunk main from the wastewater treatment plant, boring under the Yellowstone River, and extending approximately two miles to Johnson Lane. This would also involve the construction of two pumping stations.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the contamination of drinking water supplies by septic systems has occurred in the Lockwood area and will continue to occur. While illness was not documented, a high probability of conditions harmful to public health has occurred. The deficiency is long-term, existing and affects the entire community. The documented drinking water quality violations and the number of failed or replacement septic systems are all indicators of a serious deficiency in a basic community need. Twenty-five percent of the Yellowstone County Sanitarian's septic system records were surveyed by the project engineer. It was found that approximately 50 percent of the septic systems in this sample have failed at least once, approximately nine percent have failed twice and four percent have failed three times. This documents that the existing system of individual wastewater treatment systems is in poor condition and in need of repair. A serious deficiency exists in a basic community public facility. A long-standing public health hazard exists and will become more serious in the future as development continues in the area. With the pollutant load entering underlying groundwater in the area, contamination of surface waters due to recharge is probable also. The DEQ staff indicated very strong support for the need for implementation of this project.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 34th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43%. The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 38 applications.

- ❑ The percent of persons living at or below the *Poverty* level is 18.3%. The relative concentration of persons living at or below the *Poverty* level ranked 11th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER identified an appropriate and cost-effective solution to the wastewater disposal problems in the district. In order to fund the total project, the project must be phased since grant assistance will be critical to the success of the project. However, there were some important issues identified that were not adequately addressed in the PER. Collection alternatives evaluated were limited to the interceptor only without detailed consideration of neighborhood collectors, presumably because these will be planned and built in subsequent phases. Further information regarding the layout of neighborhood collectors would improve the PER as a comprehensive report. Drawings provided to show the layout of the trunk mains were difficult to read and lacked detail. Construction related problems associated with the installation of the collection system were not discussed.

It is difficult to ascertain how the costs in the PER for the interceptor system translate into the grant application budget, which also separates the project into two phases. For example, Chapter 8 of the PER indicates that the recommended alternative cost is \$9,886,000 whereas the financial information in the Uniform Application indicates that Phase I costs are \$8,601,653 and Phase II costs are \$3,630,742. In general, project costs appear reasonable and well supported. However, it was noted that the charge imposed by the City of Billings for plant capacity, including O&M, was not factored into the present worth cost analysis. Had this been done, the chosen option would still remain as being the most cost effective. Also, contingency factor of 20 percent was used in the cost estimates. This is typically greater than the amount of contingencies allowed by the funding agencies. However, the uncertainties in this project may merit a higher contingency.

The environmental checklist was complete and comments were received from the appropriate agencies. These agencies indicated that further assessments of cultural resources and wetlands should be completed. These comments may have been provided in the context of the district building their own treatment system rather than connecting to the City of Billings. Regardless, their concerns should have been addressed with additional discussion. The applicant has concluded that the majority of the sewer trunk line will be located in previously disturbed areas, therefore, adverse environmental impacts should not occur. Given the size of the Yellowstone River and the potential environmental impacts associated with any river crossing, a more thorough environmental assessment may be warranted. Additional assessment of environmental issues pertaining to a large construction project, including a river crossing, may be needed.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant did not provide any response to the seven statutory priorities. The MDOC reviewer noted that the district was formed in 1997, and completed a facilities plan in 1998, which was subsequently approved by the DEQ. The district held at least two meetings with state and federal funding and regulatory agencies, technical assistance providers, and local and state elected officials in order to explain the problems of the district and how the proposed project is to be constructed, and to obtain comments regarding how best to approach the problem of getting this proposed project funded and completed.

The district successfully negotiated a long-term contract with the City of Billings to treat and dispose of the district's wastewater. The city approved the request to treat and dispose of the district's wastewater on March 9, 1998. The city was also asked to consider the annexation of Lockwood, but given the cost to bring it into compliance with the city's standards, the city declined the request.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant did not provide any response to the seven statutory priorities. However, the MDOC reviewer noted that the applicant has thoroughly researched all available funding sources and is applying to all funding programs that it is eligible to apply to. The applicant has proposed a funding package consisting of TSEP, RRGL, EDA, and EPA grants in combination with a RD loan. The district held at least two meetings with state and federal funding and regulatory agencies, technical assistance providers, and local and state elected officials to discuss how to fund this proposed project. The district has been awarded a \$3.8 million grant from the EPA towards the first phase, which Senator Conrad Burns was instrumental in securing. Senator Burns has also advised the district to apply for additional EPA funding. The EDA program stated that it is interested in funding this project, however, funds would probably not be available until FY 2002. The SRF program was considered as a loan source, but the EPA grant prohibits the use of SRF funds as a source of matching funds for their grant. The MDOC reviewer noted that the possibility of using RD grant funds was not discussed.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any

long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant did not provide any response to the seven statutory priorities. While it is assumed that the proposed project would have a positive impact on businesses in the district and provide the opportunity for further economic development, MDOC is not aware of any specific economic development impacts that would be directly related to the proposed project. The application does, however, explicitly state that major commercial growth has occurred near the Johnson Lane Interchange and that rapid growth is expected once sanitary sewer facilities are available. The reasons for this belief is that a "Flying J" truck stop, which includes a restaurant and showers, has recently been constructed. In addition, banks, fast food restaurants and mini-malls have been constructed near the "Flying J" truck stop.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 160 Points

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, or was able to document that the public was adequately informed about the proposed project.

The applicant did not provide any response to the seven statutory priorities. The MDOC reviewer was present at two meetings in 1999 and 2000 that the district held with state and federal funding and regulatory agencies, technical assistance providers, and local and state elected officials. The purpose of the meetings was to explain the problems of the district, how the proposed project is to be constructed, and to obtain comments regarding how best to approach the problem of getting this proposed project funded and completed. The application did contain information about a public hearing on May 27, 1998, that the district held to obtain comment on the draft public facilities plan. The application contained public notices, sign-in sheets, minutes, presentation and various newspaper articles. The public was informed that the proposed project, once completely built, would likely result in user charges in the range of \$52 per month with a one-time cost of \$1,000 to \$1,600 to hook up the individual septic tanks.

The MDOC reviewer noted that this was the first time people were informed of the potential cost of the project and the numbers were very preliminary. It is not known if the public has been provided any new information about the potential average monthly rates for the proposed project since the 1998 hearing, and it has been almost two years since that information was provided to the public. The average monthly user rates for this first phase are estimated to be approximately \$15.

TSEP Application Summary for the 2001 Legislature
Project No. 25
Applicant: TOWN OF EUREKA FOR WATER SYSTEM IMPROVEMENTS

This application received 3,120 points out of a possible 4,900 points and ranked 25th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$369,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$369,000	Awaiting decision of legislature.
CDBG	Grant	\$422,500	Application to be submitted 2001.
Project Total		\$791,500	

Median Household Income (MHI):	\$18,974	Total Population:	1,088
Percent Non-TSEP Matching Funds:	53%	Number of Households:	470

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$19.18	-	Target Rate:	\$31.31	-
Existing Wastewater Rate:	\$25.67	-	Rate With TSEP Funding:	\$48.88	156%
Existing Combined Rate:	\$44.85	143%	Rate With No TSEP Assistance:	\$54.68	175%

Project Summary

History – The town is currently relying on an infiltration gallery constructed in 1972 for all of its water demands. A deep well developed in 1963 is currently idle. Eureka has received one 18-month extension on the state's order to be in compliance with EPA standards by February 1, 2000.

Problem – The town's water system has the following deficiencies:

- ☐ the infiltration gallery has been classified as Groundwater Under the Direct Influence of Surface Water,
- ☐ leaking distribution lines,
- ☐ undersized distribution lines,
- ☐ inadequate fire flow, and
- ☐ lack of metering.

Proposed Solution – The proposed project would:

- ☐ improve the existing deep well,
- ☐ add dedicated line from infiltration gallery chlorine feed point to water tank,
- ☐ add baffles to water tank,
- ☐ add chlorine and increase contact time to infiltration gallery water,
- ☐ add corrosion control,
- ☐ replace 4" cast iron and PVC line with 8" PVC from West Ave. to Pinkham Road,

- ☐ add a leak detection program, and
- ☐ install 475 meters.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 1,000 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

The MDOC review engineer noted that the deficiencies in the water system present a serious public health risk and the town is currently in violation of the Safe Drinking Water Act. Water from the infiltration gallery has been sampled during both high and low flow conditions, and both sampling periods indicated a risk that the town's water source is under the direct influence of surface water. Surface water has a much higher risk of bacterial and virus contamination and the town does not have adequate disinfection or filtration to treat groundwater under the influence of surface water. The MDOC review engineer noted that the entire community is affected by the deficiency in the infiltration gallery and, while illness attributable to the water source has not been documented, the public health risk is existing and illness attributable to the deficiencies is imminent due to incidental, short-term or casual contact.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 540 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 13th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45%. The relative concentration of persons living at or below the *LMI* level ranked 11th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 9.7%. The relative concentration of persons living at or below the *Poverty* level ranked 32nd out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally

includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER was thorough in evaluating options for improving the infiltration gallery and/or meeting the criteria to avoid filtration, however, there were some potentially important issues that were not adequately documented in the PER. For example the PER indicated a contact time of 200-250 minutes is required to achieve disinfection. No information was presented in the PER to describe how the tank would be operated to ensure an adequate volume of water was maintained in the reservoir to guarantee a contact time value. There was no discussion as to the low water levels in the reservoir and what occurs during high demand periods, i.e. a fire flow occurring at the low water condition in the reservoir and how the contact time value would be maintained. This issue could result in a significant cost increase. While these were considered potentially important issues, it was determined that they did not raise serious questions regarding the selected alternative. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above. The applicant stated that in the past, the town has used revenue bonds and loans as funding mechanisms to support both its water and sewer systems. The town still has outstanding debt on both utilities. The town has increased its flat monthly rate for water services by 30 percent in the last year and charges a hook-up fee for new users. The town has begun to install meters on all new hookups. This project will install meters on all existing hookups to provide a more equitable billing structure. Even with this high rate it has been difficult for Eureka's small population to service and maintain its system. The applicant stated that it is unlikely the problems with the system are a result of poor operation and maintenance but rather is due to the infiltration gallery's use of surface water for recharge. The applicant stated that there was a CIP within the PER, however, the MDOC reviewer noted that the document strictly related to the water system facility plan and did not include any other public facilities in Eureka. Therefore, the document cannot be considered a true CIP.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP and CDBG grants. The applicant stated that it has not approached any other funding agencies. Other funding mentioned was issuing revenue bonds and an SRF loan, however, the applicant stated that both would have a high financial impact on users. The applicant stated that RD was not considered because of administrative requirements and the requirement of 40-year terms for loans. The MDOC reviewer noted that the funding package proposed by the applicant would not be viable because CDBG requires 25 percent local match

and TSEP grant funds would not meet this requirement.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that business expansion is not hinging on the project but rather business existence is. With a clean reliable source of water, properties will become more valuable and will encourage property development that may not have occurred otherwise.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

The applicant stated that the project was discussed at several council meetings and that the town has kept the public informed through the local newspaper. Rate increases were discussed at a September 13, 1999 council meeting. The minutes and a newspaper article were included in the application. However, no documentation of a public hearing relative to the project was included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 26
Applicant: CITY OF SHELBY FOR WATER SYSTEM IMPROVEMENTS

This application received 3,092 points out of a possible 4,900 points and ranked 26th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.** However, if the \$400,000 appropriated for this project from the 2001 biennium becomes available in whole or in part, the City of Shelby would only be provided, from the 2003 biennium, the amount of funds necessary to bring the total amount to \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
Applicant	Cash	\$ 61,500	Funds committed.
SRF	Loan	\$ 676,500	Contacted, project on priority list, application to be submitted.
Project Total		\$1,238,000	

Median Household Income (MHI):	\$25,417	Total Population:	2,800
Percent Non-TSEP Matching Funds:	60%	Number of Households:	1,060

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$24.06	-	Target Rate:	\$41.94	-
Existing Wastewater Rate:	\$12.75	-	Rate With TSEP Funding:	\$42.98	102%
Existing Combined Rate:	\$36.81	88%	Rate With No TSEP Assistance:	\$45.27	108%

Project Summary

History - Many of the city's water lines are made of cast iron or asbestos cement. Over time, water lines have deteriorated because they have experienced a high degree of electrolysis damage and failure, due in large part to the wet, fine-grained soils in which they were installed. In the past, city crews have replaced much of the 4" line, with 6" line, however, because city crews are not equipped to replace line crossings at street intersections many of those crossings are still 4" which restricts the flow of water throughout the distribution system.

Problem - The city's water system has the following deficiencies:

- ☐ deteriorating cast iron and asbestos cement water lines, which have developed many breaks and leaks,
- ☐ small lines and line crossings (4") that result in inadequate water volume and pressure, which prevent adequate fire flows throughout the city,
- ☐ high water demand during fire fighting results in excessive velocities in the 4" lines, which leads to further deterioration, and

- ☐ fire hydrants that are old and have become faulty or inoperable.

Proposed Solution - The proposed project would:

- ☐ replace all 4" and 6" cast iron and asbestos cement lines with 6", 8" and 12" PVC pipe (a total of 12,225'),
- ☐ replace 45-4" street water line crossings, and
- ☐ replace 40 faulty fire hydrants and relocate three fire hydrants.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that serious consequences clearly attributable to the leaking and undersized water mains are likely to occur in the long-term if the deficiencies are not corrected. The applicant has adequately documented the deficiency and potential impacts on the public's health and safety with correspondence from DEQ, the local fire department, water sampling data, and leakage reports. The leaking and undersized water mains are existing, long-term and continual and affect the entire community with the threat of contamination and decreased pressure and flow.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 29th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 34%. The relative concentration of persons living at or below the *LMI* level ranked 33rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 11.9%. The relative concentration of persons living at or below the *Poverty* level ranked 24th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted that while the PER was generally complete, there were significant design issues that have not been adequately addressed. The application was inconsistent in describing the proposed project. The revised CIP written in 2000 stated that both the existing 4" and 6" lines would be replaced by 6" PVC pipe and faulty fire hydrants would be replaced. The PER written in April 2000 states that both the existing 4" and 6" pipe would be replaced with 8" PVC pipe. The cost estimate table in the PER indicates that 1,400' of 6" pipe, 10,800' of 8" pipe and 25' of 12" pipe would be installed and that 40 fire hydrants would be installed and three relocated as part of the proposed project. The applicant stated that all 4" and 6" cast iron and asbestos cement mains would be replaced with 6" PVC pipe, and 18 faulty fire hydrants would be replaced. Lastly, the applicant's response to this statutory priority states that all the 4" mains would be replaced with 8" pipe and only the leaking or deteriorated 6" mains would be replaced with 8" pipe at this time. Other 6" mains would be replaced with 8" pipe on an as-needed basis. As a result, it was not clear exactly which design was being proposed. The cost estimate would increase if all the pipes and valves were replaced with 8" units. Also, the cost estimate would be affected by the number of fire hydrants being replaced or added. The applicant did state in a letter responding to the draft review that the cost estimate "presented in the PER is more accurate and should be viewed as the controlling document."

There were several issues mentioned during the scoring of the project that raised serious questions regarding the appropriateness of the alternative selected. There was no modeling of the water system to provide details regarding the demand and supply of fire protection. The distribution system has not been adequately studied (televised) to determine the extent of deterioration.

A major concern during the scoring of this project was whether well #4 is impacted by surface water, and consequently, a potential source of contamination. The applicant stated that a *Preliminary Engineering and Design Report for the Determination of Surface Water Influence to the Shelby Well Field* was completed in 1997. The report states that well #4 showed significant indicators for the presence of surface water. Discussions with DEQ indicated that a microscopic particulate analysis of well #4 was performed and the well passed. However, DEQ stated that because of the dry conditions, and low run-off flows, this result would be expected. DEQ stated they would run another analysis next spring. Discussions during the scoring of this project focused on the fact that this issue had not fully been resolved. If the well is impacted by surface water, it is a potential deficiency of the system and as a matter of fact, may be a source of contamination, that should have been considered in the PER. This issue raises questions about whether the proposed alternative presented in the PER is the most appropriate solution to the system's deficiencies. If the well is impacted by surface water, it is a potential deficiency of the system that should have been considered in the PER. The issues regarding the source of contamination and extent of pipe leakage and undersized piping were not only important issues that should have been addressed in the PER, but they also raised serious questions regarding the appropriateness of the alternative selected. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that Shelby last updated its comprehensive plan in 1998. The city adopted its first CIP in 1997, and updated it in 1998 and again in 2000. This project has been a high priority in the CIP, and is the top priority in the updated CIP. The CIP was included in the application. The city has included a capital improvements fund in both the water and sewer accounts for more than five years. Shelby has also budgeted and maintained substantial reserves in the water and sewer funds, and raised its water rates in 1997. However, the MDOC reviewer noted in the minutes from the public hearing, that water rates have not been increased since 1984. The applicant stated that Shelby has used water meters for years, and encourages conservation by basing user charges on consumption.

The applicant stated that Shelby has budgeted for ample operation and maintenance for years, and that budgeting has allowed the city to maintain reserves to complete proper repair and replacement, as well as proper maintenance. The MDOC reviewer noted that while the applicant provided copies of the current and previous fiscal year's budget, there was no other documentation in the application showing a long-term history to substantiate the statements that Shelby has been fiscally responsible over the years.

The applicant stated that Shelby participates in a three-city inter-local agreement under which Shelby, Conrad and Cut Bank jointly own and share equipment for maintaining and repairing streets, and water and sewer systems, thereby allowing more efficient use of maintenance and repair funds.

The problems with the system are not of recent origin. The asbestos cement pipes are simply deteriorating with age, and the small lines, when installed, were not intended to become mains within the overall city distribution system.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with an SRF loan and local reserves. The applicant stated that Shelby is not eligible to apply for RD grant funding because of the city's high MHI. Shelby could have applied for a RD loan, but opted to use the SRF loan program because the funds are readily accessible and the interest rate is lower. A resolution committing to increasing water charges as necessary was included in the application. The applicant is not eligible to apply for CDBG funds because it does not meet the program's LMI requirements. As a result, the applicant is of the opinion that TSEP funding is essential for leveraging the SRF loan. The MDOC reviewer noted that the applicant did not discuss the possibility of obtaining RRGL grant funds.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that the proposed project would benefit the Pizza Depot, a restaurant that is planning an expansion. The expansion will ensure that ten existing jobs are retained and will facilitate the creation of five new jobs. The applicant also stated that the proposed project will provide fire flows and increased water volumes to a new middle school that will provide 45 jobs. The proposed project will also provide increased water volumes and fire flows to 23 lots that have been cleared and are available for future development. An estimated five to ten jobs could be created by new firms developing on the lots. The proposed project will provide greater water pressure and adequate fire flows to the Shelby Industrial Park, which includes the NETA, the port authority that employs 30 people currently. The proposed project will increase fire flows and water pressure to the fastest growing business area in Shelby (junction of I-15/US Highway 2), benefiting Pamida, McDonalds, Town Pump, Comfort Inn Motel, and Taylors True Value Farm Store. All together, these firms employ 265 people.

The MDOC reviewer noted that the applicant did not provide any further information about the expansion of the Pizza Depot or the creation of five new jobs, or whether the expansion is dependent upon the proposed project being completed. After questioning the applicant, the MDOC reviewer was told that the middle school has already been built, and that the facility and jobs associated with it are not dependent upon the proposed project being completed. The applicant did not provide any further information about the development of the 23 undeveloped lots or justification for the creation of the five to ten jobs. The applicant also did not provide information indicating that any of the jobs in the industrial park, or the businesses in the area of the interstate, would be jeopardized if the proposed project is not completed. The only relationship to the retention of jobs appears to be that the jobs could be jeopardized if the businesses were destroyed as a result of the lack of adequate fire flow.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that Shelby has held many public meetings throughout the past year to discuss all of the city 's infrastructure needs, including water. Much of this discussion occurred in the context of Shelby extending water and sewer services to the private prison. The mayor of Shelby has a weekly program on the local radio station, on which he informed citizens of the problems with the water system. Shelby held a public hearing on May 1, 2000 to discuss the project and the TSEP application.

Only three people attended the hearing besides the council and other city officials. The city informed local citizens about the expected water rate increases through the mayor's weekly radio program and at the public hearing. A handout was provided at the hearing to show the estimated cost per household. A copy of the public notice and the minutes were included in the application.

The city adopted its first CIP in 1997, and updated it in 1998 and again in 2000. The CIP lists the proposed project as the top priority. A 1998 community opinion survey showed that improved water quantity and quality are strongly supported by residents. Several letters of support from the fire department, chamber of commerce and local businesses were included in the application.

TSEP Application Summary for the 2001 Legislature
Project No. 27
Applicant: CHARLO WATER AND SEWER DISTRICT, LAKE COUNTY
FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 3,072 points out of a possible 4,900 points and ranked 27th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
CDBG	Grant	\$ 400,000	Application to be submitted 2001.
Applicant	Cash	\$ 52,500	Committed, mostly expended.
RRGL	Grant	\$ 110,000	\$10,000 TA grant committed. Construction grant application submitted, awaiting decision of legislature.
RD	Loan	\$ 258,771	Contacted, application to be submitted in Fall 2000.
RD	Grant	\$ 198,758	Contacted, application to be submitted in Fall 2000.
Project Total		\$1,520,029	

Median Household Income (MHI):	\$22,000	Total Population:	425
Percent Non-TSEP Matching Funds:	67%	Number of Households:	155

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$19.00	-	Target Rate:	\$36.30	-
Existing Wastewater Rate:	\$9.50	-	Rate With TSEP Funding:	\$41.54	114%
Existing Combined Rate:	\$28.50	79%	Rate With No TSEP Assistance:	\$53.97	149%

Project Summary

History - The sewer system was constructed in the late 1940s using concrete pipe for the collection system and a single storage/treatment cell south of town. The only major upgrade to the system since it was constructed was the addition of small lift station. This allowed an increased effluent level and more storage in the cell. A wind driven aerator was also added. The system has been operated and maintained by the Lake County Land Services Department until 1997, when the district was formed.

Problem - The district's wastewater system has the following deficiencies:

- ☐ the existing cell has inadequate volume,
- ☐ the single cell allows very limited process control or flexibility,
- ☐ the cell banks are eroded,
- ☐ there are no primary measuring devices,

- ☐ the existing lift station cannot pump the required volume at peak flows,
- ☐ an accumulation of 50 years of sludge has decreased the effective volume of the cell,
- ☐ discharges often violate the limits of the current MPDES permit,
- ☐ the collection system has inadequate slope, pipe erosion, root penetration and infiltration,
- ☐ the current system cannot meet the new ammonia level requirements, and
- ☐ effluent seeps through the cell banks.

Note: The proposed solution would not resolve problems related to the collection system. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution - The proposed project would:

- ☐ construct an aerated cell,
- ☐ add a constructed wetlands system with a periodic discharge that would use the existing cell for winter storage,
- ☐ construct a new lift station, and
- ☐ replace the collection main from Charlo to a new lift station.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that the wastewater collection and treatment system has several serious deficiencies that have resulted in periodic violations of their MPDES discharge permit. The design life of the system has been reached. Their discharge permit is currently expired and they are faced with the likelihood of having to meet stricter standards including limits for ammonia and fecal coliform. The community has chosen to make improvements to bring the facilities into compliance with pending federal and state standards. The improvements are proposed now, before their facility is chronically in violation of MPDES requirements. The potential exists that if no action is taken to improve the system, the EPA, Confederated Salish and Kootenai Tribes or the state may impose fines and enforcement. Consequences such as illness and environmental pollution attributable to the deficiencies in the wastewater system are likely to occur in the near-term if the deficiencies are not corrected.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 21st out of the 38 applications.

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43%. The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 38 applications.
- ❑ The percent of persons living at or below the *Poverty* level is 9.9%. The relative concentration of persons living at or below the *Poverty* level ranked 31st out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC's review engineer noted that the PER strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The proposed project includes a "hybrid" of a single-celled aerated lagoon, facultative lagoon/storage, and constructed wetlands. There is some concern about the ability of a constructed wetland coupled with a single-celled aerated lagoon to meet wintertime permit limits. There was also some concern of a possibly protracted approval process with the tribes and the EPA. However, these issues were determined to be only minor when scoring the project, and do not raise serious questions regarding the appropriateness of the alternative selected. The environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that planning for wastewater system needs has not been a priority until about 1994, when the collection system began having problems with plugging and increasing maintenance costs. At that time, the Lake County Sanitarian requested that the system be analyzed and a plan created for the system. A local engineer thought that undersized collection piping was the problem and recommended that the county begin replacing pipe in Charlo as they could afford it. Reconstruction of a community sewer system was not something the county was prepared to do, and in 1997 turned the system over to the newly created district. Previously, the system was operated by Lake County through the sanitation department for over 40 years, and was financed with funds raised through landowner taxes. Each square foot of land was taxed \$.011. This raised about \$24,000 per year. The tax levy has been increased to operate and improve the facility. The tax levy has allowed the purchase of the existing pump

station in 1987, which enabled the facility to take more advantage of existing lagoon volume. The levy also allowed the district to save over \$65,000 in reserves.

The permitting problems identified in the PER are new and are completely beyond the control of the district. Other problems identified are directly related to the age of the system. Operation and maintenance practices have kept the system functioning, but deteriorating collection pipes, an undersized lift pump, sludge accumulations, eroding cell banks and out of date technology are a result of an aging system.

The 1988 county comprehensive plan identified upgrading the Charlo sewer system as a goal. The county plan is being updated to comply with the new requirements for local growth policies established by SB 97 in the 199 Legislature. The growth policy will also include a countywide CIP and a CIP for the Charlo community. The project is also consistent with the 1988 comprehensive plan adopted by the county. However, the applicant did not provide a copy of the 1988 county plan, or the pertinent pages thereof, to help document this claim. The number one priority was Arlee Water and Sewer District, which has no system. Lake County received a technical assistance grant from CDBG in 1998 to update its comprehensive plan. The scope of the plan does include prioritizing water and sewer districts for improvements.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL, and RD grants in combination with a RD loan and local reserves. The applicant stated that this project is too big for any single funding source, and needs to access almost all the infrastructure funding agencies to put this project together. A RD representative attended the Charlo public hearing on September 16, 1999. RD is aware of the applicant's plan to submit in the summer of 2000 for funding. The SRF loan program will potentially be used for interim financing. The applicant states that they will apply for CDBG funds in 2001. Lake County submitted an application for the Arlee Water and Sewer District to CDBG in May of 2000. Since Arlee was successful in receiving CDBG funding it is unlikely that Lake County will be eligible to request CDBG funding until 2002 at the earliest.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements are clearly needed

to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that at this time there are no businesses that have expansion plans or that are jeopardized by problems with the sewer system. However, the application included letters of support for the project from businesses and various landowners or developers that expressed their concerns about the sewer system. One business owner commented that expansion of his seed mill is probably impossible due to the problems with the sewer. Several owners of property adjacent to the district have expressed interest in proceeding with housing developments if the system is upgraded. Two different landowners have discussed the possibility of annexing to the district in order to build homes on their land. Another landowner has mentioned the possibility of trading an easement for the proposed outfall line for the right to hookup several homes he plans in the area.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that the first public hearing was held September 16, 1999, with 16 members of the community attending to hear the engineer explain the results of the engineering study. The minutes show that funding options were discussed, however, there was no indication that user rates were covered at this hearing. The applicant stated that the user cost chart in the PER was presented at the September public hearing. The meeting was advertised in two local papers and flyers were put up around town. The newsletter from the engineer was mailed to all residents in the district and it contained a notice of the public meeting. The second public hearing was held in Polson on March 9, 2000, and was attended by 28 people. This was a Lake County public hearing that discussed the different funding opportunities available for infrastructure, housing, and economic development for projects around the county. The March meeting minutes did not indicate that rates were discussed for Charlo Water and Sewer District. All public hearings and meetings were documented with minutes, news articles, posters, and sign-in sheets. Ten members of the community wrote personal letters in support of the project and there were 50 other signed form letters supporting the project.

TSEP Application Summary for the 2001 Legislature
Project No. 28
Applicant: ESSEX WATER AND SEWER DISTRICT, FLATHEAD COUNTY
FOR WATER SYSTEM IMPROVEMENTS

This application received 3,012 points out of a possible 4,900 points and ranked 28th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. However, the amount of TSEP funds as requested does not meet the limitation of \$7,500 per benefited households and the applicant does not meet the requirements necessary to exceed that limitation. Therefore, **MDOC recommends a reduced TSEP grant of \$225,000**, which is \$7,500 for each of the 30 benefited households.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$240,000	Awaiting decision of legislature.
RRGL	Grant	\$ 50,000	Application submitted, awaiting decision of legislature.
EDA	Grant	\$165,000	Application has not yet been submitted as stated
RD	Grant	\$307,697	Contacted, application has not been submitted.
RD	Loan	\$ 14,595	Contacted, application has not been submitted.
Applicant	Cash	\$ 50,000	Funds committed.
Project Total		\$827,292	

Median Household Income (MHI):	\$18,229	Total Population:	75
Percent Non-TSEP Matching Funds:	71%	Number of Households:	30

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$8.33	44%	Target Rate:	\$19.14	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$30.19	158%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$70.08	366%

Project Summary

History – The original system was built by the Great Northern Railroad in the late 1890's and early 1900's. The current water source originates at an intake on Essex Creek approximately 1.25 miles southwest of the Essex community. The distribution system consists of 6" cast iron and ¾" galvanized and plastic pipe. Portions of the distribution system are located on private land, and in one instance, runs underneath a private dwelling. Thirty homes are served in addition to the Izaak Walton Inn and the BNSF Railroad Station and offices. In 1998, an administrative order was issued to the district by the DEQ, requiring corrections be made by September of 1999. However, no enforcement action has been initiated to date.

Problem – The district's water system has the following deficiencies:

- ☐ inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off,
- ☐ the chlorination facility is sub-standard in terms of ventilation and chlorine segregation,
- ☐ sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable,
- ☐ small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access,
- ☐ large portion of the transmission main is laid on top of the ground or is covered by 2' or less of forest duff,
- ☐ the cast iron transmission main is deteriorating, and
- ☐ an elevated 40,000 gallon storage tank is aging.

Proposed Solution – The proposed project would:

- ☐ replace the surface water source with a deep well in a known productive aquifer,
- ☐ construct chlorination facilities,
- ☐ replace the distribution system in public right of way with 4" PVC pipe buried at an adequate depth to prevent freezing,
- ☐ connect all existing services, and
- ☐ construct a 30,000 gallon storage tank at an elevation sufficient to provide required pressure in the event of a sustained power outage.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 800 Points

Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near-term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near-term, but has not been documented to have occurred yet.

The MDOC review engineer noted that serious consequences clearly attributable to the existing condition of the unprotected, untreated, surface water source are likely to occur in the near-term if the deficiency is not corrected. The applicant has adequately documented the deficiency and the potential impact on the public's health. The problem is existing, long-term and continual, and affects the entire district. Though the quality of the water from the existing surface water source is good, DEQ has issued an administrative order requiring that the district to comply with the surface water rules requiring surface water sources to provide filtration and adequate contact time for disinfection. In addition, the staff at DEQ stated that they are considering the next step of pursuing judicial litigation at this site if the situation is not resolved.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 612 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 11th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 57%. The relative concentration of persons living at or below the *LMI* level ranked 6th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 24.4%. The relative concentration of persons living at or below the *Poverty* level ranked 6th out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted some important issues that were not adequately addressed. For example, the option of providing a back-up generator instead of designing the storage tank to provide back-up water storage in the case of a power outage. Substantiating evidence regarding water quality, quantity, and dependability (GWIC reports from existing wells) should have been included, as well as information regarding water rights issues. There are outstanding issues regarding rights-of-way and easements that need to be addressed, but according to the applicant, no problems are anticipated. Other alternatives were considered, but not thoroughly developed. The preferred alternative appears to have been selected based on comparison of cost alone.

The environmental checklist was completed for the selected alternative, though the source of information was not identified. The only significant potential environmental impact identified in the checklist was the disturbance of a steep hillside for the construction of the new deep well source. It was stated that the impact to the Middle Fork of the Flathead River, if selected as the water source, could be significant enough to entail an extensive environmental impact study. Environmental issues were not considered in the comparison of alternatives.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the existing system was built by the Great Northern Railroad to serve local railroad facilities. Over the years, the distribution system was expanded to serve additional home sites in the area. At some point, operation of the system became the responsibility of area homeowners and was a non-profit users association until 1997 when the district was created.

At that time the BNSF Railroad contributed \$70,000 to the district to be used for operations and maintenance, as well as system improvements. Shortly after the district was formed, a water system maintenance fee of \$100 per year was initiated to provide funds for operation and maintenance, thereby preserving the remainder of the BNSF contribution for capital improvements, which would be used for the proposed project. For several years prior to the district's creation, maintenance was limited to repair of major leaks and other obvious problems. The problems that were addressed were remedied in the easiest, least expensive manner, following a practice of minimal maintenance. Current problems, in fact, are not of recent origin and have developed, in part apparently because of past inadequate O&M procedures followed by the railroad and the water users association. In conjunction with the improvements, the applicant is proposing to more than triple the O&M portion of the monthly user fee. A large portion of the increased proceeds are earmarked to employ a part-time operator. Installation of individual service connection meters is included in the proposed project.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, EDA, and RD grants in combination with a RD loan and local reserves. The applicant stated that the district is currently in the process of applying to several agencies for funding for the proposed project and that all available local funds have been committed to the project. An EDA representative stated to the MDOC reviewer that they were interested in funding the project. The MDOC reviewer noted that while the applicant discussed CDBG funds, the applicant did not think that the proposed project would directly benefit LMI income persons. However, the MDOC reviewer noted that the district meets the LMI eligibility requirements overall, therefore, CDBG funds should have been more seriously considered.

The MDOC reviewer also discussed this proposed project with RD, and was told that they were probably not interested in providing grant funds for this project since many of the hook-ups are probably for second homes used on a seasonal basis. Because some of the 30 households are probably second homes, the MHI stated earlier may not accurately reflect the actual income level of all of the system's users. It was RD's opinion that the MHI is probably higher than that reflected by the census data, which only represents the incomes of those households that claim Essex as their primary residence. Since the RD grant represents a sizable portion of the total funding package for the project, the district may need to look elsewhere to replace that funding. Potentially, the RRGL grant request could have been increased and the applicant could have considered applying to the CDBG program.

The applicant stated that a large majority of the affected property owners appear to be in support of the project, assuming user rates can be maintained at or near the proposed level. However, as discussed in statutory priority #7, it is not clear what property owners have been told about the cost of the project and the impact on their rates. Assuming that the applicant may be required to incur additional debt in order to complete the proposed project, it is possible that higher rates due to an additional loan amount could stop the project from proceeding.

The MDOC reviewer noted that the proposed project would provide \$8,000 in benefits per household. The *TSEP Application Guidelines* state that the grant request should not exceed \$7,500 per benefited household. MDOC does not recommend the full amount of the grant requested unless the following tests are met:

1. a serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur; and the proposed project will correct the deficiencies; and
2. as a result of the water or wastewater project, user rates would be at least two times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and

3. other sources of funding are not reasonably available.

The applicant failed to meet the second test that user rates would be at least two times the community's "target rate." As a result, MDOC recommends limiting any potential award to \$225,000, which is \$7,500 for each of the 30 benefited households.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that no immediate business expansion is anticipated as a result of the proposed project. However, the historic Izaak Walton Inn receives water service from the district. Between 19 and 24 persons are employed at the establishment, depending on the season, which provides meals, drinks and overnight accommodations for tourists and railroad personnel. In the event of water system failure, the business and the jobs would be at risk. The applicant stated that EDA's preliminary financial commitment to the project reinforces this concern. While the MDOC reviewer noted that there was no documentation from EDA included in the application, an EDA representative stated to the MDOC reviewer that they were interested in funding the project. The applicant stated that in the long-term, the private property tax base should be positively affected, since the provision of reliable water service to undeveloped lots may provide incentive for additional development. Since the original water system was installed by a private sector entity (Great Northern Railroad) and then abandoned, the district is hesitant to relinquish any control over the operation of the system to the private sector.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 160 Points

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, but did not document that the public was adequately informed about the proposed project.

The applicant stated that two public meeting were held to discuss the proposed project. The first was on May 9, 1999 and the second was on April 29, 2000. Notification of the second meeting was mailed to each user within the district prior to the meeting. Topics of discussion included the current condition of the existing system, problems related to the condition of the system, proposed and recommended solutions, financing alternatives and user rates. There were only three people at the meeting, the district's secretary and spouse, and the project engineer. The notification, public notice and a sign-in sheet were included in the application. A meeting was also conducted on May 9, 1998, prior to the submission of a TSEP application in that year. A notification of that meeting was also included in the application. The applicant stated that a similar agenda was covered at that time, and that a large majority of the affected property owners appear to be in support of the project, assuming user rates can be maintained at or near the proposed level.

The MDOC reviewer noted that there was no documentation included in the application showing that the system users have been informed of the projected cost of the project. The notification of the May 9, 1998 meeting indicated that the proposed project was to cost an estimated \$550,000. However, the cost of the proposed project, as described in the application, is now estimated to be \$827,292. This represents a 34 percent increase since the public was informed about the proposed project in 1998. In addition, the 1998 notification did not state the specific monthly cost to the users. There were no statements in the latest notification about cost to users, and since there were no minutes, the MDOC reviewer could not verify that the system users have been informed of what the proposed project will cost them or whether they are in support of the project. Since the project has increased in cost since 1998, and the applicant may be required to incur additional debt if a RD grant is not obtained, there may be legitimate questions regarding whether the affected property owners would still be in support of the project.

**TSEP Application Summary for the 2001 Legislature
Project No. 29**

Applicant: CITY OF HELENA FOR STORM WATER SYSTEM IMPROVEMENTS

This application received 2,952 points out of a possible 4,900 points and ranked 29th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, MDOC recommends the requested TSEP grant of \$500,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
SRF	Loan	\$1,038,800	Contacted, project on priority list.
Applicant	Cash	\$ 41,000	Funds committed and partially expended.
Project Total		\$1,579,800	

Median Household Income (MHI):	\$25,462	Total Population:	28,400
Percent Non-TSEP Matching Funds:	68%	Number of Households:	7,800

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$27.68	-	Target Rate:	\$42.01	-
Existing Wastewater Rate:	\$17.24	-	Rate With TSEP Funding:	\$46.88	112%
Existing Combined Rate:	\$46.88	112%	Rate With No TSEP Assistance:	\$47.11	112%

Project Summary

History – The Harris Street storm drainage basin encompasses over 1,000 acres of mostly developed property within the city. During a 100-year storm event, this drainage basin generates an estimated 608 cfs of peak storm water flow. The conduit that carries collected storm flow was installed in the 1920s and has been subject to several modifications since that time. The pipe is made up of several different materials of varying diameters, cross-sections and alignments. The conduit crosses beneath the existing railroad yard between Railroad Avenue and Phoenix Avenue.

Problem – The city 's storm water system has the following deficiencies:

- ☐ The Harris Street storm drain line between Railroad and Phoenix Avenues only has a capacity of 170 cfs, and this hydraulic restriction causes flooding of the area south of Railroad Avenue -- known as the "6th Ward,"
- ☐ the storm drain line is in very poor condition with gaping holes, exposed or missing reinforcing steel, unsealed joints, grade and alignment problems, infiltration and exfiltration of water and numerous obstructions, and
- ☐ diesel fuel, from a spill that occurred in the rail yard in the mid-1980s, leaks into the storm drain line through cracks, holes, and unsealed joints, allowing the fuel to migrate offsite, and expanding the area of contamination.

Proposed Solution – The proposed project would install a new 48" or larger concrete pipe, constructed to withstand the contaminated soil conditions at the site, along a straight alignment from Railroad Avenue to Phoenix Avenue under the rail yard by using a trenchless "micro-tunneling" technology.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 400 Points

The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.

The MDOC review engineer noted that there is a deficiency in the Harris Street storm drain system; however, the applicant failed to show a serious threat to public health and safety that was directly attributable to these deficiencies. While a threat to the environment was shown, it was not demonstrated that the project would definitely remedy the problem. The proposed project is part of the Harris Street storm drainage system, which consists of catch basins, a storm drainpipe network and several detention ponds. The project consists of installation of approximately 850' of pipe beneath existing railroad tracks and limited rehabilitation of the existing pipe for improved capacity. The project proposes to reduce flooding by increasing pipe capacity and to eliminate migration of contaminants from the BN rail yard, which are entering the existing storm drainpipe.

Historically, flooding in the basin has occurred. However, because the city has implemented significant up-gradient improvements within the storm drainage system and the current flooding problems are not well documented, it is difficult to determine the extent of the damage currently being caused by flooding. Also, because the proposed project will leave the existing storm drainpipe in service, it is not certain that the spread of contaminants will be eliminated. The utility is not currently in violation of any state or federal health or safety standards.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 30th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35%. The relative concentration of persons living at or below the *LMI* level ranked 30th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 11.6%. The relative concentration of persons living at or below the *Poverty* level ranked 27th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 640 Points

The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER supplements the storm drain improvement master plans from 1985 and 1994, which provided a comprehensive analysis of the entire system. Since then, all other recommended improvements have been implemented. The PER presents a complete analysis of the proposed Harrison Street project area. The chosen alternative represents an efficient, appropriate and cost-effective solution for resolving the storm drain facility. The cost of this project is high compared to other storm drain projects due to construction restraints imposed by boring under heavily used railroad tracks.

While the project resolves the storm drain capacity problems, there are some unsupported assertions that make it difficult to determine with certainty that significant environmental pollution is occurring due to the deficiencies in the storm drain. While the risk is present, the occurrence of groundwater and surface water pollution due to these deficiencies is unclear. And if it is occurring, leaving the existing storm drain in service may allow the continued spread of contaminants. When scoring the project it was determined these issues to be only minor. Environmental concerns were adequately addressed and no long-term adverse affects were identified.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that the Helena Storm Sewer Utility was established in 1991 to begin addressing storm drainage problems. Over the past two years, the storm water utility revenues have increased from \$269,220 to \$430,000. The city has prepared for the eventual replacement of this line by long-term systematic increases in user fees. The evidence indicates that deterioration of the existing Harris Street storm drain is primarily a function of time, and sections of the conduit have exceeded their life expectancy. Maintenance of underground storm drains is limited to cleaning and spot repairs. There have been evaluations of the storm sewer system in 1985, 1994, and 1999. Implementation of the most recent plan is evidenced by the completion of two of the projects recommended and prioritized by the plan. The proposed project addresses the next priority identified by the plan and is consistent with the City of Helena, capital additions and replacement schedule, which was included in the application.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, Governor's Budget

analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with a SRF loan and local reserves. The CDBG program was considered, but the overall community LMI is too low to make the applicant eligible. The RD program was also considered, however, the city is reluctant to fund a project with a 40-year loan. In addition, the city is not eligible for funding through the RD program, since the community's population is greater than 10,000. The amount of the SRF loan will depend upon the level of funding from local cash resources provided by the storm drain utility fund. The BNSF Railroad has been approached to participate in funding but declined.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the storm drain system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project is not likely to be instrumental in the creation or retention of full-time jobs. However, failure to complete the project could result in a temporary loss of work for those employed in potential flood areas if there was a catastrophic failure of the Harris Street storm drain. No business expansion is anticipated as a direct result of this project. The private property tax base should be affected positively by the proposed project. The value of private property within the potential flood area should increase, as the probability of flooding in those areas is decreased.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

The applicant stated that a public meeting was held on April 25, 2000 to discuss the proposed project. Topics of discussion included the current condition of the existing utility, problems relating to the utility, proposed solutions, financing alternatives and project schedule. The agenda for the meeting was included in the application. No further increases in taxes, assessments or user charges are anticipated as a result of the Harris Street project. The applicant has assessed its public facility needs and established priorities in its capital additions and replacement schedule. A portion of the schedule was included in the application. The MDOC reviewer noted that the initial plans and designs for this project were begun in 1994 and then just recently updated.

TSEP Application Summary for the 2001 Legislature
Project No. 30
Applicant: HINSDALE WATER AND SEWER DISTRICT, VALLEY COUNTY
FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 2,852 points out of a possible 4,900 points and ranked 30th out of 39 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, MDOC recommends the requested TSEP grant of \$329,000.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$329,000	Awaiting decision of legislature.
SRF	Loan	\$ 53,000	Application submitted.
Applicant	Cash	\$ 8,000	Funds committed.
RRGL	Grant	\$100,000	Application submitted, awaiting decision of legislature.
CDBG	Grant	\$169,000	Application to be submitted in 2001.
Project Total		\$659,000	

Median Household Income (MHI):	\$21,212	Total Population:	250
Percent Non-TSEP Matching Funds:	50%	Number of Households:	104

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$16.03	-	Target Rate:	\$35.00	-
Existing Wastewater Rate:	\$10.03	-	Rate With TSEP Funding:	\$41.23	118%
Existing Combined Rate:	\$26.06	74%	Rate With No TSEP Assistance:	\$64.25	184%

Project Summary

History - In 1916, the original Sewer and Lighting District was established as a Rural Special Improvements District (RSID). The sewer mains are constructed of clay tile pipe. In 1974, the district constructed a small package plant for sewage treatment. The Hinsdale County Water and Sewer District was created in April of 2000. An administrative order has been issued to the district directing it to resolve its problems.

Problem - The district 's wastewater system has the following deficiencies:

- ☐ treatment system is 25 years old and beyond its useful life,
- ☐ 70 permit violations (fecal, BOD, and TSS) from 1996 – 1998,
- ☐ collection pipes are undersized,
- ☐ collection pipes are cracked and have root penetration,
- ☐ collection pipes leak,
- ☐ steel channels that form the walkway around the aeration chamber are rusted through and unsafe,

and

- ☐ the plant's grating and channel supports are corroded.

Proposed Solution - The proposed project would:

- ☐ construct a new treatment system adjacent to the existing system (the old system would be rehabilitated to provide a back-up), and
- ☐ replace an unspecified amount of collection pipe.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequence have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that in regards to the wastewater treatment facility that serious consequences such as illness, or disease have not occurred. However, there is some reasonable probability of exposure by the public to the partially treated wastewater through incidental, casual, or unpredictable circumstances. Environmental pollution has occurred and is likely to continue to occur. An administrative order has been issued by DEQ requiring corrective action, which includes replacing the current treatment facility

The MDOC review engineer noted in regards to the collection system that there is some reasonable probability that serious consequences could affect the public's health and safety due to sewage back-ups into homes. Portions of the collection system do not satisfy the current design standard for a minimum pipe diameter of 8". However, the collection system deficiencies and the potential for sewage back-up due to surcharging and plugging was not clearly documented in the PER. Short-term management practices such as sewer jetting or root cutting could eliminate some of the collection system problems.

When scoring the projects, it was determined that both problems combined are likely to occur in the long-term if the deficiencies are not corrected. There is a probability of incidental, short-term or casual contact, but neither has been documented to occur yet.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 17th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39%. The relative concentration of persons living at or below the *LMI* level ranked 22nd out of the 38 applications.

- ❑ The percent of persons living at or below the *Poverty* level is 5.4%. The relative concentration of persons living at or below the *Poverty* level ranked 37th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted that the PER is not complete and there are significant issues that have not been adequately addressed. When compared to other PERs submitted, this PER and facility plan was less complete and less detailed. Documentation related to some of the deficiencies was limited. The PER did not comprehensively look at the environmental considerations of each alternative or unit costs. A comparative evaluation matrix was also not included, which would have more clearly shown how the selected alternative was chosen. The PER also states that collection system improvements are proposed, however, there was little discussion with regards to collection system rehabilitation/replacement alternatives. Collection system deficiencies were not clearly documented and the potential for sewage back-ups due to surcharging and plugging was not clear. Short-term management practices such as sewer jetting or root cutting could eliminate some of the collection system problems. It also does not appear that there is any discussion of collection system improvements with regards to quantity and unit costs, therefore, it is impossible to determine if collection costs are reasonable.

The facility plan approved by DEQ has proposed the most cost-effective alternative and it should solve all of the treatment and collection system deficiencies, if properly designed and operated. However, there was some doubt expressed during the scoring of this project as to whether the alternative of a package mechanical plant is the most appropriate technology for a small community from an operation and maintenance and long-term performance perspective.

These potentially significant issues raise serious questions about the need for collection system improvements and the appropriateness of the proposed treatment improvements. Environmental concerns were addressed; however, in comparison to other applicants less environmental detail was presented. There does not appear to be any environmental problems that could delay or prevent the proposed project from being carried out.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its

infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

Hinsdale is a newly formed water and sewer district as of May 2000. Prior to May, Hinsdale was a county RSID and ineligible for grant funding through the TSEP and CDBG programs. The applicant stated that the people of Hinsdale have taken the DEQ administrative order very seriously, which notes 70 violations between 1996 and 1998. In 1998, the county applied for a CDBG grant on behalf of the Hinsdale RSID. A resolution was passed to raise user rates by \$9.50 per month to finance the anticipated debt (pending grant approval). The application had numerous letters of support. Unfortunately, the district did not qualify for grant funding through the programs administered by the MDOC since they were a RSID and not a county water and sewer district. As a result, many persons in Hinsdale wanted to form a district in order to be able to obtain grants and loans for the improvements. However, a few residents were determined that such financing would be possible without forming a district, and the cost of accounting and running a district would be cost prohibitive. After failure of the first ballot to form a district, persons in Hinsdale formed a steering committee to better educate residents as to the need. There were many informal meetings, and several presentations. In November of 1999, those opposing district formation traveled to Helena for a hearing on TSEP guidelines, respectfully requesting that RSIDs be allowed to apply for TSEP and/or CDBG funding. This request was turned down for appropriate reasons. The citizens again petitioned to form a district. This time the ballot also included a measure to incur indebtedness (concurrent elections for formation, board members and to incur debt is permitted by state code). This time, after the outstanding efforts of the county commissioners, the steering committee and various state organizations, the ballot passed. The voters gave 84 percent approval to forming the district and 83 percent approval for incurring necessary debt. The rate increases allow for additional funding of the depreciation fund of approximately \$5,000 per year.

Since the system was issued an administrative order in 1998, the county has used the RSID funds to pay for operator training and a new chlorination/dechlorination system to help curb the coliform counts discharging into the Milk River. This has drastically reduced the number of violations. Violations and safety hazards continue due to the fact that the plant is past its useful life. The wastewater system is the highest priority of the current CIP, which was adopted in 1999. The MDOC reviewer noted that the district was notified in June 2000 that they were successful in their application for a CDBG technical assistance grant to create a more comprehensive CIP.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, and CDBG grants in combination with a SRF loan and local reserves. The district has examined all potential sources of funding. The interest rates available from commercial banks would require an increase in sewer rates to levels that would be unacceptable. The district does not have water meters, therefore, it does not qualify for RD funding. The MDOC reviewer noted that the needs and income survey used for a CDBG housing grant in 1995 documented an LMI of 54.2 percent, therefore, they would meet the CDBG eligibility requirements. The CDBG grant program requires out-of-pocket match. The SRF loan program will be used for the CDBG match. The district is on the SRF priority list and an application has been submitted. A debt election held in April 2000 would allow rates to increase by \$9.50. However, the MDOC reviewer noted that the applicant has indicated that average residential user rates are likely to increase by more than \$15.00.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the district cannot adequately serve the people and businesses currently connected. The district potentially faces very serious fines until the proposed project and funding is completed. No new developments can occur until the threat of fines, environmental and safety hazards are addressed.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

The applicant stated that the district has held numerous public hearings concerning the proposed project. In preparation for a CDBG housing application, the district conducted an income survey in 1995 with an 80 percent response rate. The district held a public meeting on March 3, 1999, to discuss problems with the wastewater system and the necessary upgrades. A hearing was held on April 26, 1999, to discuss the facility plan and the possibility of submitting a CDBG application. Twenty-three people attended the hearing. Another hearing was held on May 11, 1999, to discuss increased rates and the CDBG application. Twenty-four people attended this meeting. In January 2000, the applicant had an extremely successful petition drive to form a water and sewer district. Elections were held on April 19, 2000 with 109 votes for a district and 13 against. The new district immediately held a public meeting on April 20, 2000 in regards to submitting an application to TSEP. The hearing was conducted in the county commissioner's office in Glasgow at 1:30 p.m. Seven people attended this hearing. A variety of other meetings were also held with the Midwest Assistance Program and the district's new steering committee. The applicant stated that overall costs and cost per household were discussed during hearings in 1999 and at the April hearing in 2000. The MDOC reviewer noted that the April 2000 minutes did not state the cost per household. Minutes for each meeting were included in the application. There were letters of support from the Western Valley 4-H Club, Hinsdale Senior Citizens Association (ten signatures), Riverview Chapter of the Order of the Eastern Star, and the Milk River Days Volunteer Association (28 signatures). The citizens approved, by an 83 percent majority, a measure to incur indebtedness.

The county commissioners adopted a CIP in 1999. The proposed project was the number one priority in the CIP and will certainly be the number one priority in any other CIP developed prior to completion of this project. The public has always been supportive of the project, but the question on district formation caused delays. Even those most strongly opposed to forming a district wanted the project; they just wanted to avoid the cost of hiring a clerk and the need to have a board.

TSEP Application Summary for the 2001 Legislature
Project No. 31
Applicant: CITY OF HAVRE FOR WATER SYSTEM IMPROVEMENTS

This application received 2,812 points out of a possible 4,900 points and ranked 31st out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
SRF	Loan	\$ 271,500	Contacted, project on priority list, application to be submitted April 2001.
SRF	Loan	\$ 271,500	Special Improvement District (SID) process will be initiated in November 2000.
Project Total		\$1,043,000	

Median Household Income (MHI):	\$25,646	Total Population:	10,232
Percent Non-TSEP Matching Funds:	52%	Number of Households:	3,494

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$28.20	-	Target Rate:	\$42.32	-
Existing Wastewater Rate:	\$16.98	-	Rate With TSEP Funding:	\$47.53	112%
Existing Combined Rate:	\$45.18	107%	Rate With No TSEP Assistance:	\$48.68	115%

Project Summary

History – The city's water system was constructed in 1951, and relies mainly on the Milk River for its supply source. The water system also has a network of four wells. Due to suspect quality, one well has been disconnected from the system and another is not used because of coloration and casing problems. In combination, the two usable wells are capable of producing one million gallons per day, and are used only during periods of high consumption or cold weather to moderate temperature in the distribution system. Water from the wells is not treated, and treatment has been determined to be excessively costly. The city maintains five water storage facilities with a total capacity of 7,900,000 gallons. In addition, due to the age of the water treatment plant the city has begun construction to upgrade the treatment plant at a cost of \$5.49 million.

Problem – The city's water system has the following deficiencies:

- ☐ the South End and Highland Park areas are serviced by one elevated storage tank,
- ☐ a major break in the storage tank main feed line will interrupt water service to 75 percent of the residents,
- ☐ the occasional use of the second water tank causes a change of flow through the water line,
- ☐ the reversal of flow can free oxides that have built up in the pipe, causing the water to temporarily

turn black or brown (indication of excess particulate manganese) and occasionally red (indication of excess particulate iron), which is then carried into the homeowner's lines,

- ☐ several dead-end lines in the area south of the high school in the Heritage Addition and the newly developed subdivisions in the county,
- ☐ dead-end lines create stale water that allows potential for re-growth and cross connection contamination,
- ☐ fire hydrants that are flushed in the area of dead-end lines cause residents to experience negative pressure,
- ☐ low pressures in the high elevations of the South End, and
- ☐ use of fire hydrants in the low pressure or dead-end lines areas limits fire flow to protect structures in those areas.

Note: The MDOC reviewer engineer did not feel that the last four items were correct or actual deficiencies since they were in conflict with what was presented in the preliminary engineering report.

Proposed Solution – The proposed project would:

- ☐ extend a 12" water line that will provide a complete loop along the Southern edge of the city,
- ☐ change the location of some of the existing valves,
- ☐ complete the dead-ends so they loop within the distribution system to allow the other tank to service the South end, thus improving system performance,
- ☐ increase the water pressure in the areas that have low water pressure, and
- ☐ increase available fire flows at critical locations within the pressure zone.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 200 Points

A deficiency that could affect the public's health and safety was not demonstrated or adequately documented.

The MDOC review engineer noted there that there does not appear to be a substantiated significant threat to public health and safety or the environment that would be addressed by the proposed project. The new water line will apparently improve water quality aesthetically during certain parts of the year and definitely allow further development while enhancing the system reliability by providing a significant loop. Health, safety and the environment do not appear to be compromised by the current system. Long-term impacts clearly attributable to the deficiency are doubtful. The health issue associated with dead-end mains would be resolved, but that is a low part of the overall cost and the threat is not considered high. The project would somewhat enhance operational abilities and reliability. There would be an expected increase in fire fighting capacity, though the PER suggests that the current capacity is satisfactory. In regard to public health and safety and environmental concerns, it was determined that the project solves issues of lesser needs than noted in other applications.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ❑ *Median Household Income* ranked 31st out of the 38 applications.
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 33%. The relative concentration of persons living at or below the *LMI* level ranked 34th out of the 38 applications.
- ❑ The percent of persons living at or below the *Poverty* level is 15.5%. The relative concentration of persons living at or below the *Poverty* level ranked 15th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the proposed solution appears reasonable and will allow further growth. The engineer report was generally complete, but there were some potentially important issues that were not addressed. No financial data was provided to compare new income with capital outlay. It was not possible to conclude if the capital costs are reasonable since no unit costs were provided for construction. Quantities of materials, sizes and numbers of hook-ups, restoration types and quantity of the various restoration types were not presented and do not appear to have been researched. Despite lack of financial data and a proper present worth analysis, the proposed alternative selected appears to be the only appropriate alternative for looping the system and allowing growth where planned. Actual costs may rise or fall once quantities are established and the environmental research is complete.

The environmental data available at the time of the completion of the environmental checklist were minimal, as the applicant noted in the checklist that was waiting for responses from several agencies. The applicant noted that environmental considerations were addressed using a 1974 engineering report prepared for a possible highway in the project area. The applicant anticipates no significant impacts. However, it cannot be confidently determined whether or not potential environmental problems will arise.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 700 Points

The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

The applicant stated that the city is currently in the process of replacing the 16" water main on 1st Street and making improvements to the treatment plant. The city has obligated its replacement and depreciation funds to replace the 16" water main on 1st Street, TSEP funds are being utilized for this

project. In addition, the applicant indicated that they are currently undertaking a \$8,401,000 water treatment improvement project, which has been funded by SRF loans. The city raised the water rates 60 percent to cover the cost of this loan. The notice of award was included in the application. From 1991 to 1999, the city has expended over \$1,903,523 in capital outlay that includes water main replacement, machinery, equipment, and hydrant replacement. The problem was caused by lack of looping within the city's distribution system. As additional growth has occurred, the city has been requiring developers to install 12" lines in preparation for the proposed extension line. The city adopted a ten-year strategic plan in 1999. The strategic plan identifies the proposed project as the city's top capital improvement project. The city is also a member of Bear Paw Development Corporation, which prepares an annual work plan and the proposed project is included in that plan. Copies of the city's strategic plan and Bear Paw's annual work plan were included in the application. The city has a metered water system. The reviewer noted, in the narrative, that the city has completed wastewater and water treatment plant improvements. These improvements increased sewer rates by 20 percent and water rates by 60 percent; these projects were completed without any state or federal assistance.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with a SRF loan. The city is not eligible for funding through the RD program, since the community's population is greater than 10,000. The city does not meet the LMI requirement needed to qualify for CDBG funding. The city is proposing a SID for a quarter of the project costs, since the project will greatly enhance the marketability of the thirty acres of undeveloped property in this area. Utility extension must occur before a proposed urban highway project. Loss of TSEP funds would delay the construction of the urban highway project until the city is financially able to extend the utilities along the proposed route.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project would not directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans, or in the expansion of a business as a result of the TSEP project. However, without the utility extension, the urban highway project may be postponed. The 6th Avenue Christian Church is in the process of constructing a new church with an attached school. Currently, the city does not have adequate fire flows in the area to protect this structure. More than one-third of new residential construction within the city limits has occurred in the area that would be served by the proposed new water line. The county approved three minor subdivisions in this

general area. Those subdivisions were not within the city limits. The county has issued an additional 15 building permits within those subdivisions. Approximately 30 acres could be developed along the route. The city believes this area will continue to grow especially with access to water and with the completion of the proposed urban highway route.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that in developing the strategic plan, the city held four town meetings. Copies of news articles related to those meetings, minutes of each session and written comments received regarding the proposed plan were included in the application. On April 17, 2000, the city held a public hearing on the proposed TSEP application. Potentially affected property owners were contacted and encouraged to attend the meeting. Twenty-five people were in attendance. At the meeting, the scope of the project was explained along with the financial impact to users. The application includes copies of the sign-in sheets, meeting minutes and related news articles. In 1997, the city also participated in a community needs assessment, which was conducted by the local chamber of commerce. Results of that survey were incorporated into the city's strategic plan, which was included in the application.

**TSEP Application Summary for the 2001 Legislature
Project No. 32**

Applicant: TOWN OF FAIRFIELD FOR WASTEWATER SYSTEM IMPROVEMENTS

This application received 2,780 points out of a possible 4,900 points and ranked 32nd out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RD	Loan	\$1,639,080	Application submitted March 2000.
Applicant	Cash	\$ 44,000	Funds committed.
Project Total		\$2,183,080	

Median Household Income (MHI):	\$22,250	Total Population:	660
Percent Non-TSEP Matching Funds:	77%	Number of Households:	293

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$16.15	-	Target Rate:	\$36.71	-
Existing Wastewater Rate:	\$7.00	-	Rate With TSEP Funding:	\$51.15	139%
Existing Combined Rate:	\$23.15	63%	Rate With No TSEP Assistance:	\$56.09	153%

Project Summary

History – The sewer system in Fairfield was constructed in 1956. The collection component is a gravity system of concrete pipe, with an outfall pipe over 4,000' to the lagoon. The sewage treatment component is a single cell lagoon approximately 11 acres in size.

Problem – The town's wastewater system has the following deficiencies:

- ☐ outfall line surcharges in the summer due to the line's poor condition and high infiltration flows,
- ☐ lagoon does not provide the required detention time because of high infiltration and inflow during the summer months causes dilution, and
- ☐ system has a BOD permit violation about once a year.

Proposed Solution – The proposed project would:

- ☐ replace the outfall line to the lagoon, and
- ☐ construct an aerated lagoon with three primary cells and surface water discharge.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 400 Points

The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.

The MDOC review engineer noted that system deterioration, and the construction methods and materials used when the system was built, have led to deficiencies that may have the potential to cause public health risk at some point in the future. The applicant stated that one instance of sewage backing-up into a home has occurred, however, there was no documentation of this and no indication of further occurrences. The single cell lagoon system has experienced minor episodic MPDES violations, but is generally in compliance with discharge standards. The applicant has been able to manage the system to avoid discharging during the early spring, thus avoiding further violations. The wastewater backup problems would potentially affect a small portion of the town on an infrequent basis. The applicant did not provide a great deal of information supporting the contention that a serious public health or environmental problem exists.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 540 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 22nd out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35%. The relative concentration of persons living at or below the *LMI* level ranked 30th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 6.7%. The relative concentration of persons living at or below the *Poverty* level ranked 35th out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some

potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted the PER is generally complete; however, there were some potentially important issues that were not adequately addressed. The MDOC review engineer reviewed the flow monitoring information and it appeared that there could also be significant infiltration problems with the collection system in town. The problems appear to emanate from the northern half of town and should be investigated further.

The applicant evaluated two alternatives to address the outfall infiltration (outfall rehabilitation and replacement), two treatment alternatives and three disposal alternatives. It appears that the applicant has selected an appropriate treatment alternative. However, the outfall alternative (replacement) does not appear to be the most cost-effective since over the long-term the replacement would cost \$110,000 more than rehabilitating the line.

It did not appear that these potentially important issues that were not adequately addressed would raise serious questions regarding the appropriateness of the alternative selected. The environmental concerns were adequately addressed and no long-term adverse affects were identified. The potential existence of delineated wetlands on the proposed treatment site may require mitigation.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.
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Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that the town has a history of managing its financial resources very prudently and very conservatively. The town's enterprise funds (water, sewer, and solid waste) are typically self-sustaining with modest reserve accumulations. User fees and rates have been increased as needed to keep the systems operating in the black. The current rate is a flat rate of \$7 per month (and multiples thereof). The applicant stated that it felt that there was no rate structure would have allowed for the accumulation of reserves in the amount of \$2.1 million, which is needed for the proposed project. In 1999, the town completed a community needs assessment survey and a CIP. Both were included in the application. The town also participated in the preparation of the overall economic development plan for Teton County that was completed in 1998. The applicant stated that the project is consistent with the goals and objectives of both plans. The MDOC reviewer noted that the applicant has developed a very thorough and comprehensive CIP, however, there was no indication that the CIP has been adopted. The deficiencies addressed through this project are the result of the age of the system, design standards have changed, and the system was not designed for the current hydraulic loads.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with a RD loan and local reserves. Even though the town is grant eligible through RD, the applicant stated that the amount of grant money that could be awarded through RD is reliant upon determination of user

affordability and availability of grant funds. The MDOC reviewer noted that the applicant did not go into any more detail on why the town is not pursuing a RD grant. The town is not eligible for CDBG funds due to the low percentage of LMI households. The project activities are eligible for financing through the SRF loan program and an SRF loan is considered as a viable alternative to the proposed RD loan. However, the SRF financing requirements push the projected user rates far beyond what the town considers to be affordable. The applicant stated that the proposed project would not be competitive under the RRGL program, however according to RRGL staff, the proposed project could possibly be competitive.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the proposed project would not directly create or retain a known number of fulltime jobs. There is no known business that is expected to achieve expansion as the result of this project. There is the potential for the establishment of value-added agricultural processing plants in Fairfield and the local citizenry support the concept. However, no development of any type could achieve state or county approvals until the sewer system is fixed. The proposed TSEP project will encourage the expansion of private property tax base by allowing for new subdivisions to be hooked to the town 's sewer system.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

The applicant stated that numerous meetings and a public hearing were devoted to discussion of the PER. A public hearing was held specifically to discuss the TSEP and RD application on April 5, 2000. Rate increases were discussed at the public hearing. A notice of publication, agenda, sign-in sheet, and minutes were included in the application. The MDOC reviewer noted that the minutes do not state what the public was told about any rate increases. There were also minutes in the application from April 1998, which stated what the rate would be without any grants. As a result, the MDOC reviewer could not verify that residents have been told what the proposed project will cost them per month.

A community needs assessment survey was conducted in early 1999. A copy is included in the application. Forty percent of the respondents consider sewer system improvements a top priority in the town. A CIP was completed in 1999. The town also participated in the preparation of the *Overall Economic Development Plan for Teton County* that was completed in 1998. The applicant stated that the proposed project is consistent with the goals and objectives of both plans.

TSEP Application Summary for the 2001 Legislature
Project No. 33
Applicant: YELLOWSTONE COUNTY FOR BRIDGE IMPROVEMENTS

This application received 2,732 points out of a possible 4,900 points and ranked 33rd out of 38 applications.

The applicant's bridge levy as a percentage of MHI is below the state median, however, the total levy is 115 percent of the state median. Therefore, **MDOC recommends the requested TSEP grant of \$300,000 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$300,000	Awaiting decision of legislature.
Applicant	Cash	\$300,000	Funds committed.
Project Total		\$600,000	

Median Household Income (MHI):	\$25,942	Total Population:	120,890
Percent Non-TSEP Matching Funds:	50%	Number of Households:	38,385

Project Summary

History – The Shiloh Road Bridge was built in 1958. This bridge is framed with timber stringers and a laminated timber deck that is supported by wooden abutments and piling. The bridge continues to require considerable ongoing maintenance, with over \$10,000 spent for asphalt replacement in September of 1998. The South 32nd Street West bridge was built in 1962 and is made of concrete. Both of these two-lane bridges are on the west end of Billings, and cross over the Billings Bench Water Association Canal. The area is projected to have nearly a 100 percent increase in growth once the new Shiloh Road interchange on Interstate Highway 90 opens in the summer of 2000. The related increase in traffic will likely exceed their carrying capacity.

Problem – The county's two bridges presented in this application have the following deficiencies:

- ☐ the bridge on Shiloh Road has a wooden deck and timber stringers that no longer support the asphalt driving surface under the increasing commercial loads. Recent inspections indicate several loose and twisted timber blocks along with rutted asphalt, some potholes, and cracks in the asphalt patches.
- ☐ the bridge on South 32nd Street West is structurally sound, however, it has traffic congestion problems associated with increased commercial vehicles and sight distance problems because it is located at the crest of a hill.
- ☐ driving width is less than the minimum AASHTO Standards,
- ☐ sight distances are less than what is required with some distances less than 50 percent of what is standard,
- ☐ guardrails on both bridges are inadequate and have high potential of being maintenance problems as well as posing a safety hazard for the public, and
- ☐ pedestrian and bicycle use of the bridges will continue to be dangerous as no provisions for these uses were made when these bridges were built.

Proposed Solution – The proposed project would replace both bridges.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 400 Points

The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.

The MDOC review engineer noted that the most recent MDT inspection for the Shiloh Road Bridge gave it a 65.3 NBI Sufficiency Rating (SR); the NBI Bridge Appraisal Rating for the overall structure is a five; and the NBI Element Condition Rating for the deck is a seven, the superstructure a six, and the substructure a seven. The most recent MDT inspection for the South 32nd Street West Bridge gave it a 82 NBI Sufficiency Rating; the NBI Appraisal Rating for the overall structure is a five; and the NBI Element Condition Rating for the deck is a eight, the superstructure is a seven and the substructure is a seven. It should be noted that the ADT utilized in the rating the South 32nd Street West Bridge was only 100, which is substantially less than the current ADT of 4000. Utilizing the latter number would likely bring the SR down somewhat, but probably not less than 50. The MDT Sufficiency, Bridge Appraisal and Element Condition Ratings do not indicate that a serious structural deficiency exists with either bridge. Based on the various ratings, both bridges fall into the level two scoring criteria category.

Replacing both structures would not address structural deficiencies since according to the MDT ratings, there are not significant deficiencies that currently need to be addressed. The NBI Sufficiency, Appraisal, and Element Condition Ratings do not support replacement of either bridge. Nonetheless, potential public safety problems are real. However, without a detailed analysis and discussion of the number of lanes needed for the proposed traffic volumes, it is difficult to determine the need for a wider bridge at each location. The MDOC review engineer noted that the current size and geometry of the bridges would likely lead to bottlenecks and congestion as the traffic in the area continues to increase. In regards to the sight distance problems, it was not clear that replacement of the bridges would improve sight distance problems, or instead whether extensive roadway improvements would also be needed. The applicant's plans for upgrading the roadways to carry the increased traffic loads were not clear. The MDOC review engineer noted that without sufficiently sized roadway approaches, replacement of the existing narrow bridges with new wider, multi lane bridges would serve little purpose.

In summary, the MDOC review engineer felt that replacing the structures with wider structures would improve safety, even though the PER did not document the need and number of lanes proposed to meet projected traffic volumes. The MDOC review engineer also felt that sight distance and traffic volume problems would not be solved alone by the two bridge replacements, but would also require substantial roadway improvements, which were also not addressed in the PER.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 432 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 33rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37%. The relative concentration of persons living at or below the *LMI* level ranked 25th out of the 38 applications.

- ❑ The percent of persons living at or below the *Poverty* level is 12.1%. The relative concentration of persons living at or below the *Poverty* level ranked 23rd out of the 38 applications.

Indicator 2. Financial Analysis: 2nd Quintile = 216 points. Scores are assigned based on the degree to which applicants have ensured that bridges in their counties are adequately funded. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to applicants that appear to have done everything possible to ensure that bridges in their counties are adequately funded.

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score.)

Bridge levy as a percent of MHI	.02%
Bridge levy as it relates to the state median of .04 percent	50%
Entire levy as a percent of MHI	3.46%
Entire levy as it relates to the state median of 2.93 percent	115%
1999 mill value as a percent of 1986 mill value	116%
1999 bridge mills as a percent of 1986 bridge mills	79%
Ratio of 1999 bridge levy to 1986 bridge levy	91%

The applicant stated that the property tax levy of 2.57 mills for bridges is the upper limit available without voter approval in Yellowstone County. A ballot issue to consider raising the county mill levy amount was proposed in 1999, but was defeated at the polls. The county has established a depreciation reserve fund for bridges, which is currently at \$258,000. The county has inventoried all of its bridges under 20 feet, and has prepared a three-year county-wide CIP for bridge improvements, both of which were included in the application. From 1996 to the present, the county has completed 26 bridge projects, totaling \$1,473,363. Fifteen of those projects were major undertakings involving replacement of the bridge. Over the last five years, expenditures on bridges have averaged \$976,560 per year, while revenues have only averaged \$672,961 per year. Over the next three years, the county plans to average \$500,000 per year for bridge replacement projects.

The financial analysis was scored a level two because it did not appear that the county has made a significant effort to fund bridges compared to the other TSEP bridge applicants and the county has not had significant negative influences on its ability to levy taxes compared to other counties in the state. The bridge levy as a percentage of MHI is only half of the median (.04 percent). In addition, while the value of the county's mill increased, the county significantly decreased the number of bridge mills levied to the point that the 1999 bridge levy was only 91 percent of what the county levied for bridges in 1986.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have

not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted that the PER was very brief and did not provide the required information. A brief narrative on the condition of the two bridges proposed under this project was given along with inclusion of the MDT ratings. However, there was little discussion regarding structural and functional deficiencies, and no discussion of the MDT Sufficiency, Appraisal and Element Ratings and how they translate into the condition of the existing bridges. In short, the applicant did not present a good case for replacement of the existing bridges based on structural reasons.

The variety of information not provided or discussed in the PER raised serious questions regarding the appropriateness of the selected alternative. No specific reference to nonconformance with standards (MDT, Yellowstone County, AASHTO) was presented in the PER. A statement that the "bridges are not currently load limited but will be shortly" was not supported with any documentation. Alternate routes were dismissed with little discussion. The maps provided show other potential routes, and if they are not feasible, a discussion as to why not would have been helpful. No documentation from representatives of emergency services was included that supported problems with alternative routes. A more detailed discussion documenting safety concerns would have helped support replacement of the bridges from a public safety standpoint. Types of permits and land acquisition were not discussed. There was no detailed narrative regarding environmental issues and the impact of all of the potential alternatives.

There was no detailed analysis and discussion of the number of lanes needed for the proposed traffic volumes, making it difficult to determine the need for a wider bridge at each location. In regards to the sight distance problems, it was not clear that replacement of the bridges would improve sight distance problems or whether extensive roadway improvements would also be needed. It was also not clear as to the plans for upgrading the roadways to carry the increased traffic loads. Without sufficiently sized roadway approaches, replacement of the existing narrow bridges with new wider, multi-lane bridges would serve little purpose. There was no discussion as to the amount of land needed or rationale for acquisition regarding roadway realignment. Land acquisition could delay the project, particularly if adequate purchase costs have not been budgeted. A discussion on the bridge approaches and plans to improve them would have been helpful in determining whether or not the proposed bridge replacements are part of an overall project that would correct many of the identified deficiencies.

The alternatives analysis was very limited and quickly focussed in on only one alternative. Although this alternative has been used many times by the county, further analysis of other options should have been conducted. Other alternatives that should have been considered, even if on a limited basis, include no action, adding on to the existing bridges, cast in place concrete deck with steel or prestressed concrete beams, timber decking with steel or laminated timber beams, cast in place concrete foundations, timber or steel pipe piles, to name a few.

A major concern with the proposed alternative was that a geotechnical investigation was not proposed during the design phase. A geotechnical investigation may potentially show that a friction pile or spread footing system is more conducive for the soils than the end bearing provided by H-piles. Steel H-piles are designed for end bearing and if this cannot be attained, the integrity of the foundation would be compromised. Should problems with the foundation develop, the structural integrity of the entire bridge would be affected. Another concern that may probably be dismissed as a typographical error is the presentation of a tri-deck system on sheet 1 of the drawings. The proposed 50' span for these bridges is pushing the limits (around 60') of the tri-deck systems. Sheets 2 and 3 show details of bulb tees that may be better suited to these bridges.

Although construction costs were discussed, neither detailed project cost estimates nor present worth analyses were presented. The estimated construction costs were based on recent projects of similar nature in the county. This may be a good gauge for estimating costs for this project. However, without a detailed breakout of costs, the reviewer could determine whether or not the proposed project costs were well supported. One particular concern was the potential costs for additional right of way acquisition. Costs for this item could be quite high, particularly given the growth of the area and likely high values of land. While the overall costs seem reasonable, the lack of a detailed cost estimate made it difficult to verify if important aspects of the project were being properly accounted for.

The MDOC review engineer noted that the technical design proposed for the project is commonly used by counties in Montana. The technical design proposed would likely address the identified deficiencies related to the narrow bridge. However, due to the proposed high traffic volumes projected in the future, the MDOC review engineer was not convinced that the "ride-ability" of a bridge constructed of bulb tees would be satisfactory. The bulb tee system includes pre-cast concrete decks that are welded together and the abutting seams grouted, sometimes resulting in a non-uniform driving surface. A cast in place deck may be more desirable for the high traffic volumes anticipated.

In summary, it did not appear to the MDOC review engineer that the deficiencies associated with public safety would be clearly addressed by this project. The sight distance issues might be better corrected with new roadway geometry. Since the location and elevation of the existing canal must remain fixed, the movement of the bridge up or down is limited. As a result, it appears that the approaches must be reconfigured, and possibly right-of-way moved, to better accommodate sight distances. Although the PER does not provide justification for the need and extent of widening the bridges to accommodate increased traffic volumes, as well as pedestrian and bicycle traffic, the MDOC review engineer did note that such widening would address a potentially serious public safety concern. While the environmental checklist was completed it contained limited information. Based on the limited information provided it did not appear that environmental concerns were adequately addressed.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that these two bridge replacement projects are consistent with other infrastructure improvement projects and the city's growth management plan. Both of the proposed bridge projects are included in the county's three-year bridge replacement plan, which was included in the application. A memorandum included in the application requests that the MDT plan should be inclusive of some related roadway improvements in its *FY 2000 Transportation Improvement Plan for Yellowstone County*, so that these road and bridge projects can be better coordinated with other potential funding sources. The recommended Urban Pilot Projects specifically will address existing congestion through the year 2020 as well as other mobility issues and bicycle/pedestrian safety. (Also refer to comments under Statutory Priority #2, Indicator 2.)

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The applicant stated that it has committed to providing a match of \$300,000 out of the county bridge fund. A ballot issue to consider raising the county mill levy amount was proposed in 1999, but was defeated at the polls. The applicant stated that other funding programs, including the Pilot Urban Program, Gas Tax Funds, and private developer related dollars are being considered for other roadway improvement projects. The MDOC reviewer noted that while there are limited financing options that can realistically be obtained for this project, there are other potential funding options discussed in MDOC's *County Bridge and Road Capital Improvement Planning and Financing Manual* that should have been

evaluated and discussed in order to obtain a higher score on this priority.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that a series of task force meetings focused on the business and economic opportunities associated with the development of the land served by these bridges. Commercial growth in the west-end of Billings is forecasted to increase 100 percent. In particular, both of these bridges provide access to the TransTech Center, which is a new 104-acre industrial park that is in the process of being developed. The infrastructure is in place and lots are currently being sold.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

The applicant stated that a public hearing was held on May 2, 2000 to discuss the proposed project. Fifteen people attended the hearing. It was explained that the matching funds would be obtained from the county bridge fund. A copy of the public hearing notice, sign-in sheets, minutes, and a letter from Bike Net addressing pedestrian and bicycle safety was included in the application. The county has a three-year bridge replacement plan.

TSEP Application Summary for the 2001 Legislature**Project No. 34****Applicant: TOWN OF JORDAN FOR WATER AND WASTEWATER SYSTEM IMPROVEMENTS**

This application received 2,724 points out of a possible 4,900 points and ranked 34th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. Therefore, **MDOC recommends the requested TSEP grant of \$500,000 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
CDBG	Grant	\$ 500,000	Application submitted in May 2000, but was not successful.
RRGL	Grant	\$ 100,000	Application submitted, awaiting decision of legislature.
RD	Loan	\$ 846,654	Application to be submitted July 2000.
Project Total		\$1,946,654	

Median Household Income (MHI):	\$17,933	Total Population:	494
Percent Non-TSEP Matching Funds:	74%	Number of Households:	201

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$12.00	-	Target Rate:	\$29.59	-
Existing Wastewater Rate:	\$6.53	-	Rate With TSEP Funding:	\$35.22	119%
Existing Combined Rate:	\$18.53	63%	Rate With No TSEP Assistance:	\$42.40	143%

Project Summary

History - The water distribution and water storage tank, along with the wastewater system, were built in the 1950's. The last major improvements were in 1993, when chlorination was added to the water system. In 1992, DEQ documented four sites within Jordan that have contaminated soil from abandoned underground gas tanks, along the water and sewer main trenches. Over time, the contaminated soil can be expected to increase the rate at which the water and sewer mains will deteriorate. According to the applicant, the problems are compounded by MDT plans to reconstruct Highway 200/Jordan Avenue, and any work on utility lines must be performed beforehand.

Problem - The town 's water system has the following deficiencies:

- ☐ distribution system is hindered by the low elevation of the existing water storage tank and the size of lines in the distribution system resulting in inadequate service pressure and fire flow,
- ☐ only one well/source of water, and
- ☐ inadequate controls on existing well.

The town's wastewater system has the following deficiencies:

- ☐ control structures for the lagoon system are inadequate and rusting,
- ☐ controls for the sewer lift station are approximately 15' below the surface making it a hazard when needing to get to them, and
- ☐ collection system has several areas below minimum grade that do not meet current standards.

Note: The proposed solution would not resolve problems related to water storage, nor does it replace every deficient water distribution line or sewer collection main. Therefore, those deficiencies were not taken into consideration in the scoring of Priority #1.

Proposed Solution – The proposed project would:

- ☐ replace the water distribution lines within the highway right-of-way,
- ☐ install a new 12" water main to the water tower,
- ☐ provide auxiliary power and replace piping, valves, and telemetry at the existing well,
- ☐ construct a new potable well,
- ☐ replace sewer mains that are below DEQ minimum slope standards,
- ☐ move the controls for the sewer lift station, and
- ☐ replace the control structures for the lagoon system.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.

The MDOC review engineer noted that serious consequences clearly attributable to the deficiencies with the water system are likely to occur in the near-term. It appears that it is only a matter of time until there are either problems with the existing single well source that would leave the town without water, or that a fire cannot be properly fought with system debilitated flows and pressures. These deficiencies were scored at a level four.

The MDOC review engineer noted that serious consequences clearly attributable to the deficiencies with the wastewater system have some potential to occur in the future. The surcharging of the lift station is an existing problem that will continue to occur whenever an extended power outage is experienced. These deficiencies were not considered to be serious and were scored at a level two.

A composite score of a level three was assigned after averaging the scores for the water and wastewater components.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 504 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ❑ *Median Household Income* ranked 10th out of the 38 applications.
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 52%. The relative concentration of persons living at or below the *LMI* level ranked 8th out of the 38 applications.
- ❑ The percent of persons living at or below the *Poverty* level is 10.9%. The relative concentration of persons living at or below the *Poverty* level ranked 28th out of the 38 applications.

Indicator 2. Target Rate Analysis: 2nd Quintile = 216 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted an important item that was not documented related to the water system was population projections. It was stated that the population will most likely increase but nothing shows how much increase is anticipated. The lack of population projections does not provide for the development of planning design parameters regarding future water demands and storage requirements. The PER did not break down or document the existing water system O&M costs, or additional O&M costs for considered alternatives. The preferred alternatives that are stated in the PER are different from the projects that are being proposed through the use of the TSEP monies.

While these issues were considered important, the MDOC review engineer felt that an appropriate solution was presented. The PER as it relates to the water system was scored at a level three.

The MDOC review engineer noted that a major component of the wastewater system, the treatment system, was not evaluated and was disposing of its treated wastewater in an improper fashion, which raises serious doubts that an appropriate solution to the identified deficiencies has been chosen. There is no evaluation of the treatment lagoons specific to hydraulic and organic loading and treatment efficiency of the system. Discussions with DEQ indicate that the town has an "inactive" discharge permit. According to DEQ, if the lagoons are discharging they are doing so illegally. If the lagoons are acting as total containment ponds there are no calculations in the PER indicating or supporting this. If the lagoons were originally designed to act as facultative ponds but are no longer discharging, it raises the question as to whether they are leaking. This issue is an extremely important item and should have been investigated and fully addressed.

Another item of concern is the proposed replacement of collection piping with larger diameter piping set at the existing grades. DEQ-2 mandates minimum slopes with corresponding pipe sizes and states that "oversize sewers will not be approved to justify using flatter slopes". It appears that the engineer is proposing exactly this, up-sizing the collection piping to justify flatter slopes. Additional items not documented included discussion of administrative and management capacity, existing and population projection design flows, hydraulic, organic loading, and treatment standards.

The information lacking from the PER was considered critical to properly evaluating the proposed project and raised serious doubts about the chosen alternative. The PER as it relates to the wastewater system was scored at a level one.

In regards to the water system, the environmental checklist was complete and it appears that the potential environmental impacts were adequately addressed. In regards to the wastewater system, the environmental checklist was complete, but it is difficult to know if the potential environmental impacts were adequately addressed because of the issues with the treatment lagoons.

A composite score of a level two was assigned after averaging the scores for the water and wastewater components.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that the town has a declining population (20 percent since 1960). Replacement of these public facilities should strengthen the community and lessen the trend toward out-migration. The applicant stated that the town has recognized the need for long-range planning and capital improvements management. A planning committee, that was utilized in a door-to-door needs assessment survey, has been asked to volunteer for a position on a proposed Jordan Town-County Planning Board. The town approached the county commissioners who will respond to the creation of the Board. The town completed a comprehensive ten-year CIP, and stated it would be adopted prior to submission of the CDBG application on May 26, 2000. The CIP was included in the application. The MDOC reviewer noted that a resolution adopting the CIP on May 9 was included in the CDBG application.

The town initiated a sewer/water rate increase in May 1998 that is based on water use, and the system is metered. Sewer rates are charged at a flat monthly rate. The town maintains minimal reserves for water and sewer. Replacement and depreciation funds are distributed as operating cash allows. Over the last few years, operating revenues have not been adequate to build reserves for this project. With a very limited budget and tax base, the Town of Jordan has addressed its operation and maintenance program based on taxes and services rendered. The applicant stated that both the water and wastewater systems are nearing the end of their design life.

The MDOC reviewer noted that it appears that the project is being driven primarily by the scheduled MDT reconstruction of Highway 200 through Jordan in 2001 and the need to replace water lines in the highway right of way prior to construction. The town has a memorandum of understanding with MDT that requires the town to replace service lines where utilities are located in the highway right of way. According to the applicant, if the town does not replace these lines prior to highway construction it "will result in exceedingly high and unknown costs to the community...." However, it appears that the town has been aware that the utilities located within Highway 200 right of way would have to be replaced since 1992 when it first signed the memorandum with MDT.

The MDOC reviewer noted that while the community obviously faces very real local financial constraints, it appears that the town has not taken incremental steps to plan for and resolve its public facilities problems, until recently. Past efforts to resolve the public facilities problems with local resources by raising taxes, user charges or fee schedules have been limited. In addition, based on information provided by MDT staff, the town apparently would have more flexibility in meeting the deadline for project completion than is reflected in the application. It appears likely that the reconstruction would not take place until 2002.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.**Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points**

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with a RD loan. The town investigated a bank loan, but due to the interest rates and the short-term borrowing, the town felt that the debt service would be beyond the town's repayment capability. The MDOC reviewer noted that the applicant did not discuss the potential of receiving a RD grant. A RD representative confirmed that the applicant is potentially eligible for a grant. The applicant stated that the CDBG grant and a portion of the RD loan would be used in the first phase of replacing utilities before the reconstruction of Highway 200/Jordan Ave.

The MDOC reviewer noted that the funding strategy discussion was somewhat confusing. In the application, the funding source for the first phase is shown to be TSEP, which would not be workable since TSEP funds could not possibly be available in the Spring of 2001 to meet the MDT construction timetable described in the application. The CDBG application shows the funding source for the first phase as CDBG. The grant writer for the town faxed a letter on May 24, 2000, to the MDOC reviewer stating that they had made a mistake in the TSEP application and that CDBG would be used for the first phase. The MDOC reviewer also noted that the budget combines TSEP and CDBG funds in such a way that it appears to be a single project when it should be considered as two separate projects. The CDBG program requires applicants that are using TSEP funds for the project to apply for and be awarded those funds prior to applying to the CDBG program. It did not appear to the MDOC reviewer that this project had been thoroughly thought through in terms of how it should be phased and ultimately funded. Based in part on this same reasoning, the town was not selected for a CDBG grant during the 2000 funding competition. However, the town can reapply to the program in 2001.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.**Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points**

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water or wastewater system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the project would not result in the creation of any additional jobs or increase the tax base. However, the community is experiencing increased commercial activity associated with recreational activities at nearby Fort Peck Reservoir. The proposed improvements would support this increased commercial activity and may help to reverse long-term population decline. The MDOC reviewer noted that the town's proposed improvements should at least maintain if not encourage expansion of the tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.**Of the 400 points possible for this statutory priority, the Applicant was scored: 320 Points**

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

The applicant stated that a needs assessment survey that was conducted gave each household an opportunity to identify community needs or concerns. A local planning committee, comprised of ten residents, went house to house. There was a 79 percent return rate by the residents. A meeting was held to discuss the results of the survey.

The town held a public hearing on March 16, 2000, to discuss the application guidelines for the various funding programs. Local citizenry discussed the various needs, goals and objectives of the community. Based on a majority consensus of the citizens in attendance, and the final tabulation of the community needs assessment, the town voted to submit the various applications. An affidavit of publication, minutes and a sign-in sheet were included in the application. Twenty people attended the hearing. At a public hearing on May 9, 2000, it was stressed that the beneficiaries of the first phase of the project are all residential properties within the town. There were questions about meeting state mandates. The applicant stated that the overall costs and borrowing were addressed and it was noted that the loan would increase the water/sewer rate for each residence to approximately \$40 per month. It was also noted that depending on the amount of grant funds received and the estimated cost of construction, the stated rate increase could change.

The MDOC reviewer noted there was no specific mention of increased rates in the minutes of the first hearing, and there was no documentation of the second hearing included in the application. The MDOC reviewer checked the CDBG application and it contained the minutes of the May 9, 2000 meeting. While it was stated that rates were discussed, there were no specific rates mentioned in the minutes. As a result, the MDOC reviewer could not verify what the public was told regarding increased rates. The minutes stated that a large majority of the people attending the hearing indicated that the project should proceed.

The town completed a comprehensive ten-year CIP, which they stated would be adopted prior to submission of the CDBG application on May 26, 2000. The CIP was included in the application. The MDOC reviewer noted that a resolution adopting the CIP on May 9, 2000 was included in the CDBG application.

TSEP Application Summary for the 2001 Legislature
Project No. 35
Applicant: CASCADE COUNTY FOR BRIDGE IMPROVEMENTS

This application received 2,680 points out of a possible 4,900 points and ranked 35th out of 38 applications.

The applicant's bridge levy as a percentage of MHI is at the state median and the total levy is 119 percent of the state median. However, because of the limited amount of TSEP funds projected for the biennium TSEP would be unable to provide grant funds to this project. Without the TSEP grant, the applicant would decline the TSEP loan, therefore, the loan is not recommended.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$216,425	Awaiting decision of legislature.
TSEP	Loan	\$211,000	Awaiting decision of legislature.
Applicant	Cash	\$ 5,425	Funds committed.
Project Total		\$432,850	

Median Household Income (MHI):	\$23,700	Total Population:	78,983
Percent Non-TSEP Matching Funds:	50%	Number of Households:	30,206

Project Summary

History – The Eden Bridge on Boston Coulee Road, which crosses the Smith River, was constructed in 1950. This bridge is immediately adjacent to a FW&P access site and take out point for Smith River floaters. Annually, FW&P issues between 700 and 800 float permits for the Smith River floating season. Based on a 1995 traffic count, the bridge experiences an average daily traffic load of 100 vehicles.

Problem – The Eden Bridge is a single lane bridge and has the following deficiencies:

- ☐ stringers are in fair condition, but the surfacing, wood deck, and caps are in poor condition, and
- ☐ backwalls and piles are in fair condition, but require major maintenance.

Proposed Solution – The proposed project would replace the bridge.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 600 Points

Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected.

The MDOC review engineer noted that the most recent MDT inspection for the Eden Bridge gave it a 49 NBI Sufficiency Rating (SR). The NBI Bridge Appraisal Rating for the overall structure is a four; and the NBI Element Condition Rating for the deck is a six, the superstructure a five, and the substructure a six. The SR is based on an average daily traffic count of 100, which corresponds to the projections in the PER. The MDT considers a bridge with an SR of less than 50 eligible for replacement.

A deficiency does exist in the structural carrying capacity of the existing bridge, although the immediacy of the structural deficiency may be considered somewhat moderate. There does not appear to be an imminent risk of the structure failing, although there is a high probability that problems would occur in the long-term. The structural deficiency problem is existing and would only continue to worsen as time goes on. It is possible to replace portions or all of the deck.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 540 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 27th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35%. The relative concentration of persons living at or below the *LMI* level ranked 30th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 13.7%. The relative concentration of persons living at or below the *Poverty* level ranked 18th out of the 38 applications.

Indicator 2. Financial Analysis: 3rd Quintile = 324 points. Scores are assigned based on the degree to which applicants have ensured that bridges in their counties are adequately funded. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to applicants that appear to have done everything possible to ensure that bridges in their counties are adequately funded.

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score.)

Bridge levy as a percent of MHI	.04%
Bridge levy as it relates to the state median of .04 percent	100%
Entire levy as a percent of MHI	3.49%
Entire levy as it relates to the state median of 2.93 percent	119%
1999 mill value as a percent of 1986 mill value	148%
1999 bridge mills as a percent of 1986 bridge mills	111%
Ratio of 1999 bridge levy to 1986 bridge levy	164%

The applicant stated that the county has inventoried all of its bridges under 20 feet, but has not prepared a county-wide capital improvements plan for bridge improvements. The county attempted to pass a special mill levy in 1998 for county roads, but voters rejected it. The county has spent \$207,193 over the past three years for bridge related work. Ten of those bridge projects cost more than \$5,000 to complete.

The financial analysis was scored a level three because it appeared that the county has made moderate efforts to fund bridges in the county compared to the other TSEP bridge applicants. The bridge levy as a percentage of MHI is exactly the same as the state median of .04 percent. Even though the value of the county's mill increased, the county still increased the number of bridge mills levied in 1986 so that the 1999 bridge levy was 164 percent of what the county levied for bridges in 1986. However, the financial analysis was not scored higher because it did not appear that the county has taken some actions similar to other TSEP bridge applicants, such as preparing a county wide capital improvements plan for bridge improvements, that would further help the county to make improvements to its bridge system.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 480 Points

The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

The MDOC review engineer noted that the PER was very brief and lacked much of the detail necessary to adequately document existing problems and proposed solutions. The PER, although to the point, did not address many items that are required and some of which are potentially important. From the format utilized and the information included in the PER, it does not appear that the engineer that prepared the report was aware of the information required to be in the PER.

The PER provided a brief history of the bridge but provided little narrative of the condition of the bridge components. There was limited discussion regarding structural and functional deficiencies, and no discussion of the MDT Sufficiency, Appraisal and Element Ratings and how they translate into the condition of the existing bridges. The PER did not discuss alternate routing options, impact on public and emergency services, or safety issues. A hydraulics analysis was not prepared, although flood impacts were briefly discussed. A major concern was that a geotechnical investigation was not proposed. Although such an investigation was performed prior to shoring up the structure following a flood in 1981, a report should have been provided that recommends the proper foundation system or systems for the new structure. Types of permits and land acquisition were not discussed. Although the environment checklist was filled out and supporting letters provided, a detailed narrative addressing environmental issues for each alternative was not contained in the PER. A construction cost estimate was provided, but present worth analyses were not. A detailed cost estimate for the new bridge was included in the PER. However, missing in the estimate is a specific line item for roadway reconstruction. It is assumed that the line item "sitework" covers work required for approach work to the new bridge.

The alternative analysis focussed on only two options; renovation of the existing structure and a new structure of precast concrete bulb-tee beams on a piling foundation. Other alternatives should have been considered, even if only on a high level basis with dismissal through narrative. Among the options that could have been considered include the following with various combinations: a timber deck with glulam stringers; a cast in place deck with steel girders or precast, prestressed concrete beams; different piling systems such as timber, steel pipe or steel H-sections; cast in place concrete spread footing and pier systems; etc.

The MDOC review engineer noted that the environmental checklist was filled out in detail with supporting letters attached. However, the PER does not include detailed narrative discussing environmental issues for each alternative and thus it was difficult to determine if there are any concerns that may adversely impact the project. A review of the checklist did not reveal any obvious concerns.

The MDOC review engineer noted that even though it was not strongly documented, the project does appear feasible with a cost effective, long-term solution proposed. The proposed alternative

Governor's Budget

represents a method of bridge replacement that is commonly used by Montana counties in rural applications.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that its bridge department has replaced or extensively renovated bridges throughout the county over the past several years. The application included a report showing that \$73,253 was spent on bridge related work in 1996-1997, \$54,892 in 1997-1998, and \$79,048 in 1998-1999. There were ten projects that cost more than \$5,000 to complete. Attempts to increase the bridge mills have failed, even though the county receives requests on a daily basis from citizens requesting that bridges and roads near them be repaired or replaced. The county attempted to pass a special mill levy in 1998 for county roads, but voters rejected it. Addressing ongoing maintenance generally consumes the majority of the bridge budget. The county has prioritized its bridge needs for the year 2000 and this project ranks number four. However, even though the county has inventoried all of its bridges under 20', it has not prepared a county-wide capital improvements plan for all of its bridges. The applicant stated that it inspects all of its bridges annually.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of a TSEP loan in combination with cash reserves to provide matching funds for the TSEP grant. A ballot issue to raise the county mill levy amount for county roads was defeated in 1998. The applicant stated that during the interim months prior to the Legislature, the county would attempt to secure some financial assistance from the FWP for this proposed project. The MDOC reviewer noted that while there are limited financing options that can realistically be obtained for this project, there are other potential funding options discussed in MDOC's *County Bridge and Road Capital Improvement Planning and Financing Manual* that should have been evaluated and discussed in order to obtain a higher score on this priority.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs. The proposed improvements would likely maintain the taxable valuation of the Governor's Budget

project area, and might add to the tax base if any business expansion occurs.

The applicant stated that this project is not associated with any economic development projects in the county.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 80 Points

The applicant did not document that the proposed project is a high priority or has strong community support. The applicant did not provide any, or provided inadequate, documentation that it held at least one public hearing or meeting to inform the public about the proposed project.

The applicant stated that the bridge has been ranked in the top five bridges in the county by the state for the past few years, and is the subject of regular public comments to the county surveyor's office. While there has not been a public meeting to address the bridge specifically, the county feels the state's priority ranking, comments from citizens, and the preliminary engineering study all speak to the high priority this bridge has in the county. The MDOC reviewer noted that there was no documentation submitted in the application to support the above statements and there was no public meeting as required to inform the public about the proposed project.

TSEP Application Summary for the 2001 Legislature
Project No. 36
Applicant: BUTTE-SILVER BOW FOR WATER SYSTEM IMPROVEMENTS

This application received 2,588 points out of a possible 4,900 points and ranked 36th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. However, because of the limited amount of TSEP funds projected for the biennium TSEP would be unable to fund this project.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$292,793	Awaiting decision of legislature.
Applicant	Cash	\$192,793	Funds committed.
RRGL	Grant	\$100,000	Application submitted, awaiting decision of legislature.
Project Total		\$585,586	

Median Household Income (MHI):	\$21,307	Total Population:	33,994
Percent Non-TSEP Matching Funds:	50%	Number of Households:	11,989

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$45.78	-	Target Rate:	\$35.16	-
Existing Wastewater Rate:	\$13.50	-	Rate With TSEP Funding:	\$59.28	169%
Existing Combined Rate:	\$59.28	169%	Rate With No TSEP Assistance:	\$59.45	169%

Project Summary

History – The City of Butte has a well-developed water supply comprised of several sources, including the Big Hole River, Moulton Creek Reservoir and the Basin Creek Reservoirs. Basin Creek Dams #1 and #2 were built in the late 1800s and early 1900s. The dams are a critical component of the water supply system, supplying approximately 40 percent of Butte's drinking water. No major site improvements have been completed on either dam since initial construction. The DNRC Dam Safety Division classifies both dams as high hazard dams.

Problem – The dams have the following deficiencies:

- ☐ emergency spillway on each dam must be modified to allow the dams to safely pass large storm events, and
- ☐ Basin Creek Dam #1 is unsafe and potentially threatens the safety of local residences.

Proposed Solution – The proposed project would:

- ☐ expand and rehabilitate the emergency spillway of each dam, and
- ☐ improve critical elements of Basin Creek Dam #1, such as the parapet wall, outlet works valves, real time reservoir level monitoring system, and dam access.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 400 Points

The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.

The MDOC review engineer noted that the applicant did not demonstrate that a serious threat to public health and safety is likely to occur. Butte-Silver Bow Water Users District (BSBWUD) has the ability to provide basic domestic demands and adequate fire protection to the city. The Basin Creek Reservoirs are considered an essential component of the overall water supply and distribution system since the water is delivered to the city via gravity flow, saving the city significant pumping and treatment costs. Since 1995, the DNRC Dam Safety Program has identified the dams as high risk and in need of significant improvements in order to bring the dams into compliance with the Dam Safety Act. No significant improvements to the dams have been made since their installation in 1899. Long-term management practices could have precluded some of the project improvements.

Deficiencies exist that could affect public safety if dam failure occurred. However, the likelihood of dam failure occurring is directly linked to the occurrence of a rare flood event. The deficiencies are generally based on the lack of capacity of the spillway of Dam #1 to pass flow sufficient to prevent the reservoir water surface from exceeding a level over the dam that may cause impingement to the downstream dam face. These flood flows would jeopardize the structural integrity and stability of the dam. Based on comments received by staff in the Dam Safety Program, dam failure is not imminent, nor will failure of the spillway cause catastrophic failure of the dam. Without the improvements, the water level of reservoirs would have to be dropped, or the reservoirs abandoned altogether, decreasing the available gravity water supply to Butte. BSBWUD does face possible fines if the dam is not brought into compliance with the Dam Safety Act.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 648 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 3rd Quintile = 216 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 18th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 38%. The relative concentration of persons living at or below the *LMI* level ranked 23rd out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 14.7%. The relative concentration of persons living at or below the *Poverty* level ranked 16th out of the 38 applications.

Indicator 2. Target Rate Analysis: 4th Quintile = 432 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineer noted that significant issues had not been adequately addressed that raise serious questions regarding the appropriateness of the alternative selected. First, the PER did not provide information related to the entire water supply system as required. No water supply master plans or water facility plans were referenced, although the city has completed significant improvements to the treatment, distribution and storage components of the water system in the past decade and there are likely planning reports associated with these improvements. A more complete description of the entire supply system, and the potential deficiencies, would have strengthened the PER.

The alternatives analyzed were not completely developed and it is difficult to determine if the most cost-effective solutions were chosen. Based on information elsewhere in the TSEP application, the no action alternative, which would require lowering the reservoirs, would result in elimination of the risk to public safety. However, it would also result in significant O&M costs to the water users. This alternative was not developed nor were the associated costs (increased water rates) documented or discussed. Documenting the claimed cost savings due to gravity flow and minimal treatment of the Basin Creek water would have strengthened the PER. Alternatives were not analyzed for the proposed modifications to Dam #1 related to the spillway chute, spillway discharge channel, downstream river crossing, dam parapet wall and walkway, or the abutment stairs. The personnel at the Bureau of Reclamation (BOR) echoed this concern. The PER did not present information on which modifications are required to bring the dam into compliance with Dam Safety Act requirements. For example, the need to expand the breach at Dam #2 is not clearly demonstrated since there will be no apparent additional adverse affects at the Dam #1 downstream if Dam #2 failed from overtopping. A more complete development of this recommended improvement is needed in order to justify the recommendation. Based on information from the Dam Safety Program, reduction of the reservoir operating level may reduce the risk to downstream residents and allow continued operation of the dam. This alternative was not considered in the PER.

There was no discussion of how the cost estimates were developed or the source of costs. Another concern with the project budget stems from comments received by the BOR after review of the PER. They stated that their experience with dam construction of smaller and less costly modifications (like this project) dictates a cost for engineering, oversight and administration of approximately 50 percent or more. This may add significant cost to the project. There was no discussion of required permits required for construction was presented.

Staff at the Dam Safety Program sent the PER to the BOR for comments. Their response consisted of eight pages of comments. They concluded by stating, that there is no doubt that the proposed modifications will improve the safety of the dam; however, they could not conclude with certainty that the dam would remain safe for all expected loading conditions from the information presented in the review. There were several technical concerns brought up by BOR. There was a lack of site-specific seismic loads and an analysis to verify the safety of the dam during large earthquake events. They had concerns with the factor of safety used in the stability analysis. There were discrepancies in the flow calculations presented. They felt that there was a lack of justification for widening the breach in Dam #2. Finally, they had concerns with safe installation of new valves in the inlet and outlet of Dam #1 since the existing valves are inoperable.

The environmental checklist was completed and was referenced in the PER. However, environmental concerns were not adequately addressed in the PER. Only a brief discussion of the environmental impacts for the recommended alternative was presented.

The proposed project may bring the dams into compliance with the Dam Safety Act, although those modifications that are required for compliance with the act were not stated. All of the above issues raise serious questions regarding the appropriateness of the alternative selected by the applicant.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 420 Points

The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

The applicant stated that Butte-Silver Bow has had a long-term commitment to capital improvements on the water system. Butte-Silver Bow has a yearly O&M budget for the water utility system of just over \$4 million. In addition, Butte-Silver Bow has a water main replacement budget of \$500,000 per year. The causes of the existing conditions at the Basin Creek Dams are not related to improper operation and maintenance, but rather the age of the dams. In addition, the improvements to the dams are required to bring them into compliance with the High Hazard Dam Safety Act. Water meters are not required for existing connections and are on a voluntary basis only. Approximately 33 percent of the existing water connections are metered. However, all new service connections are required to be metered. The applicant states the project is consistent with their existing capital improvement and growth management plans. However, the applicant did not provide a copy of these plans to document the priority of the proposed project. The MDOC reviewer noted that the applicant does not have a CIP.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 360 Points

The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves. The applicant stated that the three sources of funds are critical to the project. Butte-Silver Bow is applying for all grants that the project is considered eligible. Butte-Silver Bow currently has three major loans, and is not applying for any additional loans for the proposed project. A loan would increase the water rates, and the combined water and sewer rates are already 169 percent of the MDOC established target rate. The MDOC reviewer noted that the applicant did not discuss other funding sources. The applicant could have better described why they are not eligible for other funding sources. The MDOC reviewer also noted that the substitution of a loan for the TSEP grant would have a negligible impact on rates.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 200 Points

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly

increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (water or wastewater) system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

The applicant stated that the project enables Butte to remain an attractive location for existing and new businesses, since it provides the ability to supply drinking water at reasonable and economic rates. The water rate for Butte will not be increased, which is critical to existing and future business expansion opportunities in Butte. The project ensures that Butte will remain competitive in the attraction of industrial and residential development, which promotes business and residential expansion. However, the MDOC reviewer noted the proposed project would not directly affect businesses or tax bases.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

The applicant stated that a public hearing was held on April 19, 2000. Documentation included a legal notice advertising the hearing and the minutes. The minutes for the public hearing were rather brief in describing the project. Discussion involved funding strategy for the proposed project. The commissioners voted unanimously to pursue grant funding for the proposed project. There was no sign-in sheet provided from the public hearing. The MDOC reviewer noted there was little documentation of public involvement for the proposed project.

TSEP Application Summary for the 2001 Legislature**Project No. 37****Applicant: CITY OF KALISPELL FOR WATER AND WASTEWATER IMPROVEMENTS**

This application received 2,132 points out of a possible 4,900 points and ranked 37th out of 38 applications.

If the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be below the target rate. Based on MDOC's financial analysis methodology, the applicant has sufficient debt capacity to fund the project without TSEP funds and still be below the target rate. Therefore, **MDOC does not recommend the requested TSEP grant of \$500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	\$ 500,000	Awaiting decision of legislature.
RRGL	Grant	\$ 100,000	Awaiting decision of legislature.
EDA	Grant	\$1,000,000	Application was not submitted in June as stated.
SRF	Loan	\$ 36,700	Contacted, project on priority list.
Project Total		\$1,636,700	

Note: This project would provide improvements that would serve an area north of the city boundaries. The following statistics and rates are for that specific area.

Median Household Income (MHI):	\$40,673	Total Population:	1,000
Percent Non-TSEP Matching Funds:	70%	Number of Households:	382

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	N/A	-	Target Rate:	\$67.11	-
Existing Wastewater Rate:	N/A	-	Rate With TSEP Funding:	\$45.80	68%
Existing Combined Rate:	N/A	-	Rate With No TSEP Assistance:	\$56.88	85%

Project Summary

History – The existing development adjacent to and north of section 36 relies upon on-site water and sewer systems for their water and wastewater disposal needs. The existing development consists of a 154-unit apartment complex, 212 residential lots, and a 16-unit condominium complex. The majority of section 36 is school trust land owned by DNRC. The city has examined a means of extending utility services into section 36, an area currently devoted to agriculture and ballfields.

Problem – The existing development north of section 36 has a history of failing on-site wastewater systems. Section 36 is undeveloped land and lacks any utilities. The land in section 36 will require a water and wastewater system in order to be significantly developed.

Proposed Solution- The proposed project would:

- ☐ extend water and sewer utilities from the city limits of Kalispell to the north edge of section 36, which is south of West Reserve Drive.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 200 Points

A deficiency that could affect the public's health and safety was not demonstrated or adequately documented.

The MDOC review engineers noted that there is currently no need for water or sewer in section 36, based on current use. However, section 36 is limited in its development potential due to lack of a centralized water and wastewater system. The MDOC review engineers noted that while the applicant stated problems have occurred in the past, it appears that these problems have already been resolved. No documented cases of illness, disease outbreak or substantial property loss were demonstrated in the PER and it was not demonstrated that there is a likelihood of them occurring. The PER states that the "do nothing" alternative would result in the land in section 36 remaining in agriculture. This does not represent a health or safety need, and no standards are being violated. Also, the PER did not present any evidence that the residents north of section 36 would be willing to hook on to the proposed system. The large septic system described as "partially failing" was designed and approved by a professional engineer and appears to currently be operating properly without problems.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 252 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Note: The applicant noted that the city has an MHI of \$19,950, and corresponding target rate of \$32.92. However, MDOC did not use these figures in the financial analysis because they represent all of city's water system customers. The applicant has stated that the new customers benefiting from the proposed project, rather than the system-wide users, would be responsible for retiring any debt associated with the project. As a result, the MHI, LMI, and Poverty statistics and target rate for the 382 residents in the area north of section 36, that would potentially be connected by the proposed project, were used in the financial analysis. In addition, the MDOC reviewer assumed that any properties within section 36 that are developed would also help to pay for these improvements, since the application stated that "the city has discussed with the DNRC the issue of an interlocal agreement in which the city could incur debt associated with a project gap loan and have the debt retirement passed onto the developer through the lease amount paid to DNRC." However, MDOC did not take into account any additional hookups in analyzing financial need because of insufficient information provided in the application. Increasing the number of hookups in the financial analysis would have further decreased the proposed average residential user rates.

Indicator 1. Household Economic Condition Analysis: 2nd Quintile = 144 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 38th out of the 38 applications.

- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 15%. The relative concentration of persons living at or below the *LMI* level ranked 38th out of the 38 applications.
- ❑ The percent of persons living at or below the *Poverty* level is 1.4%. The relative concentration of persons living at or below the *Poverty* level ranked 38th out of the 38 applications.

Indicator 2. Target Rate Analysis: 1st Quintile = 108 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 320 Points

The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

The MDOC review engineers noted that for both water and wastewater the PER was inadequate. It lacked a thorough economic analysis including income from new developer/user fees and long-term O&M. In addition the PER completely failed to address the deficiencies for the area north of section 36 or the proposed improvements needed for that area.

It does not appear that the improvements would bring the utilities to the proposed subdivision used to justify the need for the project, since they stop on the south side of West Reserve Drive. In addition, it is not clear in the PER as to whether the utilities have been adequately sized to also serve the area north of section 36. In the minutes of the public meeting on May 1, the applicant's grant writer states that the engineering report looked only at serving section 36. The minutes further state that the engineer "didn't necessarily size the water" and that "prior to design it definitely needs to be looked at again." Technical problems could exist until the applicant comes to agreement with the affected property owners north of section 36 as to acceptable hook-up fees, annexation, etc. There does not appear to be any guarantee that anyone north of section 36 would agree to be annexed and connect to the city system.

The PER provided very little information and analysis of the city's water and wastewater systems. Without this information, it is impossible for the MDOC review engineer to determine whether the proposed improvements are the highest priority need of the system. Also, only one alternative for both water and wastewater was given serious consideration by the applicant, therefore, costs were not compared for various alternatives.

These issues that have not been adequately addressed are considered serious deficiencies, therefore, it was not possible to determine if an appropriate alternative was selected by the applicant. The Uniform Environmental Checklist was properly completed, however, lack of environmental agency comments on the project raises some question about the validity of the conclusions in the checklist.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that it does not operate and plan from a CIP, but rather uses a field inventory/event management system. The applicant stated that O&M budgets and practices have been maintained over the long-term, including adequate reserves for repair and replacement. In recent years the city has spent \$1.5 million to replace hydrants in the oldest section of the city and has performed major upgrades for both the water and sewer systems based upon the public works department's priority list. The city has raised hookup fees to cover the cost of replacement and maintenance that is projected from years of historical data. The application included a rate history showing that water rates have been increased four times since 1985. There was also documentation showing that water connection fees have been increasing annually since 1996. The city recently negotiated a contract relative to developing a 20-year comprehensive facility plan for the city's water, sewer, and storm drainage systems. This plan will also include a CIP. All current users are metered and any future users would be metered. The city has historically recognized the area north of the present city limits as the most appropriate area for planned growth. The applicant stated that the owner of section 36, DNRC, also recognizes this fact and has generated a neighborhood plan for the state owned school trust land. A memorandum of understanding (MOU) between the applicant and DNRC regarding development within section 36 is in the process of being passed. The application included a copy of the MOU.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 240 Points

The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant has proposed a funding package consisting of TSEP, RRGL, and EDA grants in combination with an SRF loan. The applicant stated that it plans to utilize the SRF program because of the low rates. The applicant considered INTERCAP but stated the rates are higher than SRF. Due to the size of the city it is not eligible for RD grants. The CDBG program was not pursued because a needs assessment has not been performed recently, however, the applicant intends to pursue CDBG economic development grants for on-site improvements that occur within section 36. The city anticipates that a strong argument can be made that the development within section 36 will create jobs that directly benefit LMI persons. The city has entered into discussions with DNRC and has preliminarily formalized a MOU with them to create development within section 36 under local planning regulations. The city has also discussed with DNRC the issue of an inter-local agreement in which the city could incur debt associated with a project gap loan and have the debt service passed onto the developer through the lease amount paid to DNRC.

The MDOC reviewer noted that it is not clear as to how any SRF debt incurred by the project would be retired. The minutes from the May 1 public hearing clearly state that the extensions both terminate at the north end of section 36, on the south side of West Reserve Drive, and that it would be up to the owners or developers on the north side of West Reserve Drive to extend the utilities across the road and into their own lots or developments. The applicant stated that current city-wide utility customers would not pay for the utility extensions, but rather the new customers north of section 36 would be responsible for retiring any debt associated with the project. However, in a letter from the developer of

the proposed 127-lot residential subdivision, it is stated that "the economics of the development preclude any consideration of participation in sewer costs outside the subdivision." The applicant also did not include any other documentation from the other households north of section 36 requesting to be hooked-up to the city's water and sewer system.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 400 Points

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the water and wastewater system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

The applicant stated that the project would allow development within section 36 and would directly result in a business expansion. The application included a letter from Hampstead Partners to the city dated May 1, 2000, that summarizes the proposed venture between Hampstead Partners and Venue Tech Systems. The application also included a MOU dated March 14, 2000, between Hampstead Partners and Venue Tech Systems relative to the development of a business park in section 36. The MOU states the terms of the partnership, a general timetable, estimated lease terms, and other minor clauses. The development depends on the city providing utilities to the site. The application also included a letter from Bionics, a division of Venue Tech Systems, relative to its expansion into the proposed business and technology park and the resulting new employee base. The MDOC reviewer noted that the application did not include a business plan or financial exhibits from Hampstead Partners or Venue Tech Systems that would allow MDOC to analyze the potential financial success of the expansion of Venue Tech Systems or the success of the proposed business and technology park as a whole. The application included various newspaper articles relative to their dependence in large part on the city providing sewer and water service to the site.

The applicant stated that the proposed project would encourage expansion of the private property tax base. The application included an application for a major subdivision and a letter dated April 28, 2000, from a developer who has applied to develop 127 new residential lots north of section 36, which will utilize on-site water and sewer systems. The developer indicated in a letter that it has committed to connecting to public sewer when it became available to the property. The applicant stated that prior to connection of the existing and proposed development, annexation would occur, which has the potential of increasing the private property tax base for the city.

The MDOC reviewer noted that the improvements in the PER pertain only to section 36. The application did not include any information relative to any developers or property owners north of section 36 committing to pay for the utilities to be extended north of section 36. It does not appear that the improvements would bring the utilities to the proposed subdivision, since they stop on the south side of West Reserve Drive. In addition, it is not clear in the PER as to whether the utilities have been adequately sized to also serve the area north of section 36. In the minutes of the public meeting on May 1, the applicant's grant writer states that the engineering report looked only at serving section 36. The minutes further state that the engineer "didn't necessarily size the water" and that "prior to design it definitely needs to be looked at again."

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.**Of the 400 points possible for this statutory priority, the Applicant was scored: 160 Points**

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, or was able to document that the public was adequately informed about the proposed project.

The applicant stated that the proposed utility extension project has evolved over the last three years. The development within section 36 follows a neighborhood plan produced by the DNRC and accepted by local planning officials. The applicant stated that initially, a list of potentially interested parties was prepared, including names of adjoining landowners and /or homeowner associations and public officials. The initial list was used to announce the first in a series of public meetings and was expanded to include all meeting attendees and others showing an interest in the process. City officials attended various homeowner association meetings, met individually with interested parties, and spoke at various club meetings. The applicant held four meetings relative to the development of section 36 during 1998. On May 1, 2000, the applicant held a public hearing relative to the funding package proposed to pay for the utility extensions from the north boundary of the City of Kalispell to West Reserve Drive. The applicant stated that during this hearing the user rate was discussed. The application included a copy of the public hearing notice, attendance sheet and minutes from the hearing. The MDOC reviewer noted that the user rate was not clearly addressed at the May 1 public hearing. The minutes from this public hearing clearly state that the extensions both terminate at the north end of section 36, on the south side of West Reserve Drive, and that it would be up to the owners or developers on the north side of West Reserve Drive to extend the utilities across the road and into their own lots or developments. The applicant further stated that current city-wide utility customers would not pay for the utility extensions but rather the new customers north of section 36 would be responsible for retiring any debt associated with the project. However, there was no specific mention of proposed user rates in the minutes from the May 1 public hearing. In addition, in a letter from the developer of the proposed 127 lot residential subdivision, it is stated that "the economics of the development preclude any consideration of participation in sewer costs outside the subdivision." The MDOC reviewer noted that there was no information in the application relative to how far north the city plans to annex or any documentation from households north of section 36 requesting to be hooked-up to the city's water and sewer system.

TSEP Application Summary for the 2001 Legislature
Project No. 38
Applicant: CITY OF POLSON FOR WATER SYSTEM IMPROVEMENTS

This application received 2,032 points out of a possible 4,900 points and ranked 38th out of 38 applications.

It appears that if the proposed project is constructed with TSEP funds as requested, the applicant's user rates would be at or above the target rate. However, the application was incomplete and there was insufficient financial information to analyze for ranking purposes. In addition, an engineering firm had not been hired at the time the application was submitted, therefore, there was no preliminary engineering report to analyze for ranking purposes. **Therefore, MDOC does not recommend the requested TSEP grant.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	No amount was specified in the application, but MDOC assumed \$500,000.	Awaiting decision of legislature.
Applicant	Loan	The information in the application was inadequate for determining the other funding sources and amounts. MDOC assumed it would be a loan of \$1,134,000.	
Project Total		\$1,634,000	

Median Household Income (MHI):	\$14,231	Total Population:	4,360
Percent Non-TSEP Matching Funds:	69%	Number of Households:	1,836

	Monthly Rate (\$)	Variance From Target Rate		Monthly Rate (\$)	Variance From Target Rate
Existing Water Rate:	\$15.60	-	Target Rate:	\$23.48	-
Existing Wastewater Rate:	\$15.00	-	Rate With TSEP Funding:	\$33.15	141%
Existing Combined Rate:	\$30.60	130%	Rate With No TSEP Assistance:	\$34.33	146%

Project Summary

History – The city's water system was originally built in the 1910s, and has been improved and expanded since that time. Essentially all of the city's water infrastructure improvements have occurred in the city limits lying east of the Flathead River, except for a 2" water main installed in the 1940s that crosses the Flathead River. The water main serves approximately ten water taps in the residential areas within city limits on the west shore of the Flathead River. In 1998, the city was forced to issue a moratorium on further subdivision approvals within city limits and the service area because the well water output is at its limit for providing service to existing service connections. As a result, the city now has little margin of safety for domestic use and fire protection.

Problem – The city's water system has the following deficiencies:

- ☐ insufficient water production due to the loss of the Hellroaring water source and subsequently needing to rely totally on wells and reservoirs, and the failure of an underground structure in one of

the three municipal wells in the summer of 1999,

- ☐ a 2" main that serves the west side of the Flathead River, which limits the number of residences that can be served,
- ☐ the west shore is within the city limits, but under rural fire protection, and
- ☐ no fire protection is available at the Polson Municipal Airport on the west shore of the Flathead River.

Proposed Solution – The proposed project would construct:

- ☐ a new well, reservoir, and distribution system on the west shore of the Flathead River,
- ☐ an 18" water main linking the new system on the west shore with the existing system on the east shore, and
- ☐ a 12" main with hydrants at the airport.

Statutory Priority #1: SOLVES URGENT AND SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS, OR ENABLES LOCAL GOVERNMENTS TO MEET STATE OR FEDERAL HEALTH OR SAFETY STANDARDS.

Of the 1,000 points possible for this statutory priority, the Applicant was scored: 200 Points

A deficiency that could affect the public's health and safety was not demonstrated or adequately documented.

The applicant did not include a PER with the application. The applicant stated that at the time the application was submitted they had not yet selected an engineer, therefore, the preliminary engineering has not been started.

The MDOC review engineer noted that the applicant did not mention, nor did the application document, that the community has ever run out of water. As a result, the MDOC review engineer could not determine that any serious public health consequences have occurred. A detailed analysis of the extent of the water supply limitations was not available so it was not possible to document the degree of seriousness presented by the water supply limitations from both a sanitary and fire safety prospective.

Statutory Priority #2: REFLECTS GREATER FINANCIAL NEED.

Of the 900 points possible for this statutory priority, the Applicant was scored: 612 Points

The score for Statutory Priority #2 is based on a weighted distribution of 900 possible points that is determined by the analysis of two financial indicators.

Indicator 1. Household Economic Condition Analysis: 4th Quintile = 288 points. Each sub-indicator is ranked and scored. Being ranked 1st indicates the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for Indicator 1 based on five quintiles. The fifth quintile is assigned to those applicants with the most severe household economic conditions.

- ☐ *Median Household Income* ranked 5th out of the 38 applications.
- ☐ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 54%. The relative concentration of persons living at or below the *LMI* level ranked 7th out of the 38 applications.
- ☐ The percent of persons living at or below the *Poverty* level is 21.8%. The relative concentration of persons living at or below the *Poverty* level ranked 7th out of the 38 applications.

Indicator 2. Target Rate Analysis: 3rd Quintile = 324 points. Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for Indicator 2 is based on five quintiles. The fifth quintile is assigned to those applicants furthest over the target rate.

Statutory Priority #3: INCORPORATES APPROPRIATE, COST-EFFECTIVE TECHNICAL DESIGN AND PROVIDES THOROUGH, LONG-TERM SOLUTIONS TO COMMUNITY PUBLIC FACILITY NEEDS.

Of the 800 points possible for this statutory priority, the Applicant was scored: 160 Points

The applicant did not document that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application does not include adequate information, as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*, to properly review the proposed project. The PER was not submitted with the application, or if it was submitted, does not address numerous critical issues needed to evaluate the proposed project and the alternative selected by the applicant.

A PER was not included in the application. The applicant stated that at the time the application was submitted they had not yet selected an engineer, therefore, the preliminary engineering had not been started.

The MDOC review engineer noted that the applicant assumes the provision of a new well and storage on the west-side will help water supply needs on the east side. This is generally true, but the degree to which additional water will be available to the east-side depends on the increase demand put on the system by the addition of the west side and the hydraulics of the piping system. Without an engineering analysis it is difficult to determine how thoroughly and cost effectively the proposed solution addresses the deficiencies. Also, without an engineering analysis, it is not possible to assess the level of fire protection provided the airport and the residential areas. Since there was no PER, there was no alternatives analysis included and environmental concerns were not addressed.

Statutory Priority #4: REFLECTS SUBSTANTIAL PAST EFFORTS TO ENSURE SOUND, EFFECTIVE LONG-TERM PLANNING AND MANAGEMENT OF PUBLIC FACILITIES AND ATTEMPTS TO RESOLVE THE INFRASTRUCTURE PROBLEM WITH LOCAL RESOURCES.

Of the 700 points possible for this statutory priority, the Applicant was scored: 560 Points

The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

The applicant stated that the basic sewer and water rates have been raised to a total of \$26.14 per month, to pay for system upgrades, maintenance, and improvements. The city has been committed to a capital resource fund for many years, which includes a hookup fee of \$3,750.

Until recently, the city municipal well production has stayed ahead of growth and provided abundant safe water to the system users. In 1994, the city lost its Hellroaring source due to contamination, a fact over which the city had no control, and thereafter has been relying on wells. Since that time, the city has sought permits for additional wells, and secured one in the Highway 35/93 junction and west shore area. Development of the well was unsuccessful. During the summer of 1999, one of the three then-existing city wells had an underground structure failure and its production was lost. During the peak of summer, the reservoir levels dropped to within one foot of the bottom at the close of every day and the working wells ran all night bringing the reservoirs up. Citizens were asked to curtail lawn watering to specific hours or to stop watering entirely. Irrigation-only taps were shut off. The failed well has not been successfully rehabilitated.

In 1998, the city was forced to issue a moratorium on further subdivision approvals within city limits and the service area because the well water output is at its limit to provide service to existing service connections. A resolution documenting that a moratorium was issued was included in the application. The proposed west shore system is designed primarily to provide a safe and adequate domestic and firefighting supply of water to city residents on the west shore; however, the proposed cross-river connection will also connect the principal city system to additional production and storage on the west shore. A linkage between east and west shore production and storage systems will provide the total service area with a margin of safety it currently lacks.

The city completed a community needs assessment and adopted a comprehensive CIP in 1998, both of which were updated in 1999. Both documents were also included in the application.

Statutory Priority #5: OBTAINS FUNDS FROM OTHER SOURCES.

Of the 600 points possible for this statutory priority, the Applicant was scored: 120 Points

The applicant did not document that the project would enable the local government to obtain funds from sources other than TSEP. The applicant did not document efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project does not appear to be reasonable or viable. There are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

The applicant stated that the city has been awarded an RRGL planning grant for preliminary engineering and has applied for a CDBG technical assistance grant for preliminary engineering. Since the application was submitted, the technical assistance grant for preliminary engineering was awarded by CDBG.

The applicant did not discuss any funding options for the construction of the proposed project. The applicant did not list any information in the proposed funding sources table and the information provided in the funding sources narrative was insufficient for properly analyzing the funding package. The budget form was incomplete and the applicant did not submit a budget form narrative.

On page 5 of the application, the applicant stated that the city is contributing upwards of \$1 million in cash for the project, but no other information was provided. Even if the city provided that amount, and they received the maximum TSEP grant, the city would still need approximately \$134,000 to fully fund the project based on the preliminary estimate provided in the application. However, since the preliminary engineering has not yet been started, the applicant's estimated project cost could potentially change considerably and may even require a greater amount to complete the project. On page 13 of the application, the applicant shows that there will be \$90,000 in annual debt service for a new loan, however, the applicant does not provide any information on what the total amount of the loan is, the terms, or the source.

The applicant did not provide sufficient information about the funding sources or amounts that will be needed to fund the proposed project in order to properly analyze the funding package for ranking purposes.

Statutory Priority #6: PROVIDES LONG-TERM, FULL-TIME JOB OPPORTUNITIES FOR MONTANANS, OR PROVIDES PUBLIC FACILITIES NECESSARY FOR THE EXPANSION OF A BUSINESS THAT HAS A HIGH POTENTIAL FOR FINANCIAL SUCCESS, OR MAINTAINS OR THAT ENCOURAGES EXPANSION OF THE TAX BASE.

Of the 500 points possible for this statutory priority, the Applicant was scored: 300 Points

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the water system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

The applicant stated that the city is not aware of any study showing that the proposed grant project will provide long-term, full-time job opportunities for Montanans or directly result in any business

expansion. A letter included in the application from a company called Justice Systems indicated that adequate fire protection and other domestic water infrastructure at the Polson Airport would be required before they would consider locating at the airport. The Airport facility underwent a \$2 million improvement project, including real property acquisition and runway expansion, in the summer of 1999. It is presently FAA rated as a Class B airport capable of handling nearly all air traffic excepting large commercial jets. However, the airport enjoys little basing or transshipment traffic due, at least in part, to the lack of safe and adequate water for hangar, service facility, and firefighting use. In addition, the west shore system as a whole will make water available to a sizable land area that is presently unimproved. With water and, eventually, sewer, the land is likely to be subdivided and sold, with a net increase in value and consequent increase in property tax base.

Statutory Priority #7: HIGH LOCAL PRIORITY AND STRONG COMMUNITY SUPPORT.

Of the 400 points possible for this statutory priority, the Applicant was scored: 80 Points

The applicant did not document that the proposed project is a high priority or has strong community support. The applicant did not provide any, or provided inadequate, documentation that it held at least one public hearing or meeting to inform the public about the proposed project.

The applicant stated that no specific public meeting was held on the west shore water system, because city residents in the affected area have been formally and informally petitioning the city to expand the water system in that area since the area was annexed in 1984.

The applicant also stated that because the project is being funded from monies set aside for capital improvements, the city does not contemplate any user fee hikes as a part of the funding for the proposed west shore water system project. However, on page 13 of the application, the applicant shows there will be \$90,000 in annual debt service for a new loan, with \$3.44 per EDU per month being needed to repay the loan. On page 15 of the application, the applicant shows an estimated increase in the total monthly costs per average residential hookup of \$7.01. In addition, on page 15 of the application, the applicant shows a projected flat user rate of \$18.15, while on page 10 the applicant shows a current average residential rate of \$15.60. Based on the limited information presented, the MDOC reviewer had to assume that the applicant does intend to increase user fees. Based on this assumption, the system users should have been informed of the increase. Regardless of any rate increase, the *TSEP Application Guidelines* state that a public hearing or meeting, no more than 12 months prior to submitting the application, is required in order to inform the public about the proposed project.

The city completed a community needs assessment in 1998, which was updated in 1999. The assessment was included in the application. The city also adopted a comprehensive CIP in 1998, which was updated in 1999. The CIP was included in the application.

APPENDIX A

TSEP ENABLING STATUTE

The Treasure State Endowment Program is a state-funded program designed to assist communities in financing public facilities projects. It was authorized by Montana voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA, as amended by the 1999 Legislature.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

(i) the treasure state endowment fund established in 17-5-703;

(ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

(i) drinking water systems;

(ii) wastewater treatment;

(iii) sanitary sewer or storm sewer systems;

(iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring; or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

(1) create jobs for Montana residents;

(2) promote economic growth in Montana by helping to finance the necessary infrastructure;

(3) encourage local public facility improvements;

(4) create a partnership between the state and local governments to make necessary public projects affordable;

(5) support long-term, stable economic growth in Montana;

(6) protect future generations from undue fiscal burdens caused by financing necessary public works;

(7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and

(8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

- (a) matching grants for local infrastructure projects;
- (b) annual debt service subsidies on local infrastructure projects; and
- (c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The applicant shall repay the loans whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the overall construction financing is arranged.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

(a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;

(b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and

(c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.

(2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The amount of \$425,000 is statutorily appropriated, as provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).

(2) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(3) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(4) After the review required by subsection (2), the projects must be approved by the legislature.

(5) The department shall adopt rules necessary to implement the treasure state endowment program.

APPENDIX B

SEVEN STATUTORY PRIORITIES AND SCORING CRITERIA

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels, as follows:

The Proposed Project Is the Most Responsive to the Statutory Priority	Maximum Possible Points
	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Is the Least Responsive to the Statutory Priority	One-fifth Possible Points
Not Applicable or Negligible Relationship to the Statutory Priority	Zero Points

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	<u>Maximum Possible Points</u>
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points

Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points
Statutory Priority #5 (Funds from Other Sources)	600 Points
Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Ranking Considerations

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1 1,000 Possible Points

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

- a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely?
- b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
- c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
- d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
- e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?

- f. Does the standard that is being violated represent a significant threat to public health or safety?
- g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
- h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2

900 Possible Points

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3

800 Possible Points

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
- b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
- c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems.
- d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
- e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?

- f. Are all projected costs and the proposed implementation schedule reasonable and well supported?
- g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental or technical problems that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4

700 Possible Points

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?
- b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
- c. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?
- d. Has the applicant demonstrated a long-term commitment to comprehensive planning in order to provide public facilities and services that are adequate and cost effective?
- e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water?
- f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth management plan or any other development related plan) adopted by the applicant?
- g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?

- h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5

600 Possible Points

Projects that enable local governments to obtain funds from sources other than TSEP.

- a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
- b. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
- c. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6

500 Possible Points

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

- a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?
- b. Will the proposed TSEP project directly result in a business expansion? Is the business expansion dependent upon the proposed project in order to proceed?
- c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
- d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?
- e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?
- f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7

400 Possible Points

Projects that are high local priorities and have strong community support.

- a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?

- b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
- c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
- d. Are the local citizens and affected property owners in support of the project?
- e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

The following lists the seven TSEP statutory priorities with their associated scoring level definitions.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

Level 1	A deficiency that could affect the public's health and safety was not demonstrated or adequately documented.
Level 2	The deficiencies described in the application and that would be resolved by the proposed project could potentially affect the public's health and safety, and consequences clearly attributable to the deficiency may occur at some point in the future but have not been documented to have occurred yet.
Level 3	Serious consequences that could affect the public's health and safety, and are clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the long-term if the deficiencies are not corrected. The serious consequences have a high probability of occurrence after chronic exposure or has some reasonable probability of occurrence in the near term as a result of incidental, short-term or casual contact, but neither have been documented to have occurred yet.
Level 4	Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, are likely to occur in the near term as a result of incidental, casual or unpredictable circumstances. The serious consequences have a high probability of occurrence in the near term, but has not been documented to have occurred yet.
Level 5	Serious consequences that could affect the public's health and safety, and clearly attributable to the deficiencies described in the application and that would be resolved by the proposed project, have occurred or are imminent. The serious consequences are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

The computer program analyzes and scores this priority. However, for some types of projects the assigned point level is manually inserted into the computerized analysis. In addition, the assigned point level may be raised if an applicant adequately documents dramatic economic or demographic changes since the 1990 census.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

Level 1 The applicant did not document that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application does not include adequate information, as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*, to properly review the proposed project. The PER was not submitted with the application, or if it was submitted, does not address numerous critical issues needed to evaluate the proposed project and the alternative selected by the applicant.

Level 2 The applicant inadequately documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER lacks important information as required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER did not appear to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is not complete and there are significant issues that have not been adequately addressed. It is questionable whether the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. The issues that have not been adequately addressed raise serious questions regarding the appropriateness of the alternative and could significantly impact the alternative selected by the applicant.

Level 3 The applicant sufficiently documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER generally includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete; however, there are some potentially important issues that have not been adequately addressed. In general, it appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the issues that are inadequately addressed would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

Level 4 The applicant strongly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER includes the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is generally complete and there are only minor issues that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs. It does not appear that the minor issues would raise serious questions regarding the appropriateness of the alternative selected by the applicant.

Level 5 The applicant clearly documented that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The PER thoroughly documents all of the information required by the *Uniform Preliminary Engineering Report for Montana Public Facility Projects*. The PER generally appears to have comprehensively examined the entire system in order to identify all potential deficiencies. The PER is complete with alternatives thoroughly discussed and construction costs well documented and justified. There are no issues of any significance that have not been adequately addressed. It appears that the applicant has selected an appropriate, cost-effective technical design that provides a thorough, long-term solution to its public facility needs.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

Level 1 The applicant did not document that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources. The applicant has essentially taken no actions to ensure the above.

- ☐ Typically, this level is assigned if the applicant does not appear to have reasonable operation and maintenance budgets and practices, and as a result has not maintained the system in proper working condition.

Level 2 The applicant insufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken limited actions to ensure the above.

- ☐ Typically, this level is assigned if the applicant has not taken advantage of a comprehensive planning and/or capital improvement planning process, or the proposed project does not appear to be consistent with the goals and objectives of those plans if adopted.
- ☐ Typically, this level is assigned if the applicant has not maintained reasonable operation and maintenance budgets and practices, which has led to the problems that will be resolved by the proposed project. In addition, the applicant has not adequately described how it will assure that the problems, resulting from inadequate operation and maintenance budgets and practices, will not reoccur.

Level 3 The applicant sufficiently documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has moderately acted to ensure the above.

- ☐ Typically, this level is assigned when the applicant has recently adopted a comprehensive plan and/or capital improvement plan and the proposed project promotes the goals and objectives of those plans.
- ☐ Typically, the applicant has had reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition. However, the applicant may be assigned this level if it has had some problems related to its operation and maintenance budgets and practices, which has contributed to the problems that will be resolved by the proposed project, but the

applicant has adequately described how it will assure that the problems will not reoccur.

Level 4 The applicant strongly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has taken several actions to ensure the above.

- ☐ Typically, this level is assigned when the applicant has been utilizing a comprehensive plan and/or capital improvement plan and the proposed project promotes the goals and objectives of those plans.
- ☐ Typically, the applicant has had reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.

Level 5 The applicant clearly documented that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources. The applicant has intensely acted to ensure the above.

- ☐ Typically, this level is assigned when the applicant has utilized a comprehensive plan and capital improvement plan for many years and the proposed project promotes the goals and objectives of those plans.
- ☐ Typically, the applicant has had good operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

Level 1 The applicant did not document that the project would enable the local government to obtain funds from sources other than TSEP. The applicant did not document efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project does not appear to be reasonable or viable. There are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

- ☐ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
- ☐ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.

Level 2 The applicant insufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ☐ Typically, this level is assigned when the funding package for the proposed project appears to have numerous potential problems that could affect its viability.

- Level 3 The applicant sufficiently documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.
- ☐ Typically, this level is assigned when the applicant appears to have a viable funding package, but has not thoroughly examined all of the appropriate funding sources.
- Level 4 The applicant strongly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.
- ☐ Typically, this level is assigned when the applicant appears to have a viable funding package, and has thoroughly examined all of the appropriate funding sources.
- Level 5 The applicant clearly documented that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. In addition, the applicant documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.
- ☐ Typically, this level is assigned when the applicant appears to have a viable funding package, has thoroughly examined all of the appropriate funding sources, and it appears that the TSEP funds are critical to the proposed project moving forward.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

- Level 1 The applicant did not document that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that does not appear to be necessary to any business development, since the area served by the project is residential only. Therefore, the proposed project would not provide public facilities necessary for the expansion of a business that has a high potential for financial success. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (water or wastewater) system. The applicant did not demonstrate that the proposed improvements are clearly needed to maintain the taxable valuation of the residential property.

- ☐ Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development.

Level 2

The applicant insufficiently documented that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement that indirectly increases business and job opportunities, or provides the infrastructure needed to provide housing necessary for an expanding workforce. The applicant did not indicate that any specific businesses were dependent upon the proposed improvements being made. The applicant did not specifically indicate, or provide documentation, that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (water or wastewater) system. The proposed improvements would likely maintain the taxable valuation of the project area, and might add to the tax base if any business expansion occurs.

- ☐ Typically, this level is assigned when both residential and commercial areas are affected, but the project does not directly benefit any specific businesses or directly result in the creation of new jobs.

Level 3

The applicant sufficiently documented that the proposed project is generally necessary for economic development. The proposed project would indirectly provide public facilities necessary for the expansion of businesses that have a high potential for financial success. The project represents a general infrastructure improvement that would indirectly increase business opportunities. The applicant mentioned various specific businesses that would benefit by the proposed improvements, but did not provide sufficient documentation that the proposed project would directly be necessary for the expansion of a specific business. The proposed project would indirectly provide long-term, full-time job opportunities for Montanans, since the project represents a general infrastructure improvement that generally increases business and job opportunities. The applicant did not provide documentation that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (water or wastewater) system. The proposed improvements are clearly needed to maintain the taxable valuation of residential and/or a reasonably significant amount of developed commercial or industrial property.

- ☐ Typically, this level is assigned when the project does appear to directly benefit specific businesses and may result in the creation of new jobs.

Level 4

The applicant strongly documented that the proposed project is necessary for economic development. The proposed project would provide public facilities necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant mentioned a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the (water or wastewater) system. The proposed project should maintain, and add to the tax base if the business expansion occurs.

- ❑ Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the creation of new jobs with reasonable certainty, and the business expansion or new jobs are clearly dependent upon the proposed project.

Level 5

The applicant clearly documented that the proposed project is necessary for economic development. The proposed project is necessary to provide public facilities necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided specific business plans detailing the expansion of a business(es) and provided specific documentation detailing the probable creation or retention of long-term, full-time jobs. The business plan demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business. The proposed project would very likely maintain and add to the tax base.

- ❑ Typically, this level is assigned when the project would unquestionably directly benefit specific businesses and would definitely result in the creation of new jobs, the business expansion or new jobs are clearly dependent upon the proposed project, and the viability of the business proposal has clearly been demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

Level 1

The applicant did not document that the proposed project is a high priority or has strong community support. The applicant did not provide any, or provided inadequate, documentation that it held at least one public hearing or meeting to inform the public about the proposed project.

- ❑ Typically, this level is assigned to applicants that did not hold a public meeting to inform the public about the project.

Level 2

The applicant insufficiently documented that the proposed project is a high priority and has strong community support. The applicant held at least one public hearing or meeting, or was able to document that the public was adequately informed about the proposed project.

- ❑ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not provide any, or provided inadequate, documentation that it informed the public about the estimated costs of the proposed project and the impact per household.
- ❑ This level may be assigned to an applicant that did not have a public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project, its cost and the impact per household.

Level 3

The applicant sufficiently documented that the proposed project is a high priority and has strong community support. The applicant met the minimum requirements by documenting that it held at least one public hearing or meeting and informed the public about the proposed project, its cost and the impact per household.

- ❑ Typically, this level includes applicants documented that it held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
- ❑ Applicants may be assigned to this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a

reasonable indication that the applicant provided information about the cost of the proposed project to the public. (This same note also applies to Levels 4 and 5.)

Level 4

The applicant strongly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that it made a strong effort to elicit support for the proposed project.

- ☐ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, but has also gone to greater extents to inform the public and to prioritize its needs.

Level 5

The applicant clearly documented that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and informed the public about the proposed project, its cost and the impact per household. In addition, the applicant provided additional documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ☐ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, has taken all actions reasonably possible to inform the public and to prioritize its needs, and has shown that the proposed project is clearly and strongly supported by the community.

APPENDIX C

STATUS OF TSEP PROJECTS APPROVED BY PREVIOUS LEGISLATURES

(Note: Refer to glossary of acronyms on page 29)

Projects Approved by the 1993 Legislature

Thirty-two applications requesting \$11,627,000 in TSEP funds were submitted for the 1995 biennium. The 1993 Legislature approved 24 projects totaling \$4,134,458 in TSEP funds. **All of the projects have been completed and closed-out.** Descriptions of those projects can be found in previous legislative reports or are available upon request from the department.

Projects Approved by the 1995 Legislature

Twenty-one applications requesting \$7,195,129 in TSEP funds were submitted for the 1997 biennium. The 1995 Legislature approved \$4,991,029 in TSEP grant funds for 15 projects. **All but two of the projects have been completed and closed-out. Where project status is not given, the project has been completed.**

NAME OF APPLICANT	Beaverhead County	
PROJECT TYPE	Bridge	
TSEP GRANT	\$23,000	
OTHER FUNDS	<u>\$23,000</u>	Applicant's Funds
TOTAL PROJECT	\$46,000	

PROJECT SUMMARY: Two bridges that linked the east and west portions of Lima, Montana, were deteriorated to the point where they must be closed or replaced. The Lima Town Council elected to close the smaller bridge and to replace the larger, Bailey Street Bridge. Major elements of the project included improvements to the approaches, and construction of a new three-sided concrete box bridge with guardrails.

NAME OF APPLICANT	Butte-Silver Bow	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$5,360,200	SRF Loan
	<u>\$1,000,000</u>	Applicant's Funds
TOTAL PROJECT	\$6,860,200	

PROJECT SUMMARY: As a result of federal regulations that went into effect in 1992, Butte-Silver Bow was required to discontinue the use of the sludge injection disposal facilities. Major elements of the project included constructing facilities and purchasing equipment to treat and dispose of sludge. After treatment, sludge is now transported to, and disposed of at, a new solid waste landfill.

NAME OF APPLICANT	Conrad	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$180,000	
OTHER FUNDS	\$434,065	Applicant's Funds
	<u>\$ 50,000</u>	RRGL Grant
TOTAL PROJECT	\$664,065	

PROJECT SUMMARY: The city obtains its water supply from Lake Francis. Due to the potential for dam failure, the operation permit required that the water supply be obtained from a diversion facility instead of an outlet conduit with pressure pipes within the earth-filled Lake Francis East Dam. Major elements of the project included channel excavation and installation of gabions, water intake screens and piping, construction of a new pump station, relocation of existing pumps, removal of existing control gates, and demolition of the existing pump structure.

NAME OF APPLICANT	East Glacier Park Water and Sewage District (Glacier County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$306,555	
OTHER FUNDS	\$ 10,000	Applicant's Funds
	\$ 25,905	RRGL Grant
	\$513,135	EPA Grant
	<u>\$100,000</u>	IHS Grant
TOTAL PROJECT	<u>\$747,510</u>	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. Major elements of the project include construction of a surface water treatment plant.

PROJECT STATUS: Project has been modified, whereby the district and the Town of Browning would receive water from the Blackfeet Tribe, which has proposed to construct a water treatment plant and water mains to these two communities. The district's TSEP funds would be included as part of the funding package to construct the water treatment plant and water mains. The total cost of the project is estimated to cost approximately \$11 million. Both the Town of Browning and the Blackfeet Tribe have requested TSEP funding from the 2001 Legislature (see projects 18 and 21).

NAME OF APPLICANT	Fairview	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 72,180	Applicant's Funds
	\$ 100,000	RRGL Grant
	\$ 470,000	RD Loan
	<u>\$ 700,000</u>	RD Grant
TOTAL PROJECT	<u>\$1,842,180</u>	

PROJECT SUMMARY: The town's water source was very high in iron manganese and coal which fouled the town's domestic water meters. Through an earlier project the water quality was improved. Major elements of the project included installation of new water meters, replacement of cast iron water mains with PVC pipe, and constructing a 300,000 gallon storage tank.

NAME OF APPLICANT	Gardiner/Park County Water District	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 300,000	
OTHER FUNDS	\$ 175,000	Applicant's Funds
	<u>\$ 610,000</u>	RD Loan
TOTAL PROJECT	<u>\$1,085,000</u>	

PROJECT SUMMARY: There were several serious deficiencies with the district's water system. Major elements of the project included construction of 1200' of new water mains, miscellaneous work at the spring to eliminate contamination of the spring and to correct the chlorination system, installation of a heated pipe

suspended from the bridge, development of a new well, installation of a new booster pump and expansion of the booster station.

NAME OF APPLICANT	Hamilton	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$137,632	
OTHER FUNDS	\$180,000	Applicant's Funds
	<u>\$350,000</u>	CDBG Grant
TOTAL PROJECT	\$667,632	

PROJECT SUMMARY: The city had chronic infiltration and inflow conditions in the sewage system, unsafe and inefficient lift stations, unsafe and inefficient manholes, and the inability to handle growth occurring in the city and the surrounding area. Major elements of the project included replacement of an existing interceptor line, installation of a new sewer main and lift station, and the replacement of sewer manholes on Tenth Street.

NAME OF APPLICANT	Hill County Water District	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 250,000	Applicant's Funds
	<u>\$ 400,000</u>	RRGL Loan
TOTAL PROJECT	\$1,150,000	

PROJECT SUMMARY: The district provides water service to 717 households located within an area stretching from just west of Havre to Joplin. Under EPA rules, the district must treat all water drawn from its Fresno surface water supply. The DEQ had originally given the district until the Fall of 1995, to comply with this requirement. Major elements of the project include property acquisition, construction of a water treatment facility, and construction of new water lines.

PROJECT STATUS: The district is waiting to find out whether the federal government will agree to assist in funding a proposed regional water system referred to as the North Central Montana Regional Water System. The proposed alternative project would eliminate the need for construction of a water treatment facility at Fresno Reservoir and would instead construct new water lines and the infrastructure necessary to connect into the proposed North Central Montana Regional Water System.

NAME OF APPLICANT	Hysham	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$127,500	
OTHER FUNDS	\$ 27,500	Applicant's Funds
	<u>\$250,000</u>	RRGL Grant
TOTAL PROJECT	\$405,000	

PROJECT SUMMARY: The town was facing severe deterioration of its sewer system, with the potential for the lagoon, septic systems and sewer main to pollute surface and ground water. Major elements of the project included replacement of sewer manholes, and creating a management plan for manhole replacement.

NAME OF APPLICANT	Lewistown	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$5,875,000	Revenue Bonds
	<u>\$ 100,000</u>	RRGL Grant
TOTAL PROJECT	\$6,475,000	

PROJECT SUMMARY: The city's two major transmission mains were installed in 1914 and 1938. Both mains were leaking badly, resulting in a loss of about 50 percent of the water entering the mains. Major elements of the project included construction of a new transmission main, placement of distribution mains in the upper pressure zone, the construction of a new 1.5 million gallon storage tank, and securing the water source site with a dome.

NAME OF APPLICANT	Powell County	
PROJECT TYPE	Bridge	
TSEP GRANT	\$ 51,334	
OTHER FUNDS	\$ 48,616	Applicant's Funds
	<u>\$ 30,000</u>	U.S. Forest Service
TOTAL PROJECT	\$129,950	

PROJECT SUMMARY: The Snowshoe Creek Bridge was a narrow, 24 year old, one-lane bridge crossing the Little Blackfoot River, that was inadequate and unsafe. Major elements of the project included removal of the existing bridge and construction of a new bridge.

NAME OF APPLICANT	Seeley Lake Water District (Missoula County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 464,364	
OTHER FUNDS	\$1,440,000	SRF Loan
	<u>\$ 17,100</u>	Applicant's Funds
TOTAL PROJECT	\$1,921,464	

PROJECT SUMMARY: The district was required under federal regulations and by a DEQ administrative order, to install water treatment facilities by 1996. Major elements of the project included construction of a new water treatment plant, modification of the water pump station, and construction of new water lines connecting the pump station to the water treatment plant.

NAME OF APPLICANT	Thompson Falls	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 400,644	
OTHER FUNDS	\$ 251,800	RD Loan
	<u>\$ 824,700</u>	RD Grant
TOTAL PROJECT	\$1,477,144	

PROJECT SUMMARY: The city had serious deficiencies in its sewer system resulting primarily from deteriorating sewer lines and excessive infiltration which was over-working the lift station and the treatment facility. In addition, many of the households throughout the city used septic tanks with dry wells or leach fields that threatened contamination of the aquifer and the Clark Fork River. Major elements of the project included installation of sewer lines, constructing a new pump station and improvements to the sewage lagoon.

NAME OF APPLICANT	Troy	
PROJECT TYPE	New Wastewater System	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$1,436,600	RD Grant
	\$1,824,400	RD Loan
	\$ 528	Applicant's Funds
	<u>\$ 400,000</u>	CDBG Grant
TOTAL PROJECT	\$4,161,528	

PROJECT SUMMARY: Sewage treatment for the city consisted of substandard on-site septic systems which posed a public health threat due to surfacing effluent and groundwater contamination. Major elements of the project included construction of a new central sanitary sewer system including both collection and treatment facilities.

NAME OF APPLICANT	Whitehall
PROJECT TYPE	Water System Improvements
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 325,000 CDBG Grant
	\$ 509,000 RD Loan
TOTAL PROJECT	<u>\$1,334,000</u>

PROJECT SUMMARY: The town's water system had various deficiencies. Major elements of the project included construction of a 500,000 gallon reservoir to replace two 100,000 gallon reservoirs, new distribution mains, piping and valves, improvement to one of the system's wells, and installation of water meters on residential and commercial services.

Projects Approved by the 1997 Legislature

Forty applications requesting \$17,079,532 in TSEP funds were submitted for the 1999 biennium (\$15,524,536 in grant funds and \$1,554,996 in loan funds). The 1997 Legislature approved \$13,719,979 in TSEP grant funds for 35 projects and \$1,855,472 in TSEP loan funds for four projects. However, based on the actual amount of TSEP funds that became available during the 1999 biennium, only 22 projects actually received TSEP grant funds totaling \$9,052,735. None of the TSEP loans were utilized since other loan sources were available with better rates and terms.

NAME OF APPLICANT	Cascade
PROJECT TYPE	Wastewater System Improvements
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 400,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$1,323,725 SRF Loan
	\$ 6,500 Applicant's Funds
TOTAL PROJECT	<u>\$2,330,225</u>

PROJECT SUMMARY: Cascade's wastewater treatment system consisted of two lagoons that leaked so badly that they did not hold water, contaminating both groundwater and the Missouri River. In addition, storm sewer drains overloaded the sewer collection system during storm events and an antiquated lift station needed replacement. Major elements of the project included relocating and replacing the wastewater collection and treatment facility with facultative lagoons and spray irrigation for disposal, and constructing a new lift station, storm drain lines and inlets.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Chinook
PROJECT TYPE	Water System Improvements
TSEP GRANT	\$313,555
OTHER FUNDS	\$550,400 RD Loan
	\$ 71,000 RD Grant
	\$ 17,479 Applicant's Funds
TOTAL PROJECT	<u>\$934,955</u>

PROJECT SUMMARY: There was inadequate disinfection contact time in the clear well and a boil order had been issued by DEQ. The chemical feed system was worn and needed replacement, and the raw water intake malfunctioned. Major elements of the project include improvements to the intake structure; rehabilitating the existing disinfectant basins to provide additional disinfectant time; extending the intake pipe and screen into the river; and improvements in the chemical feed system to improve operations.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Coram Water and Sewer District (Flathead County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 206,000	RD Grant
	<u>\$ 484,300</u>	RD Loan
TOTAL PROJECT	\$1,590,300	

PROJECT SUMMARY: Coram's water supply (Blue Lake Spring) was subject to surface contamination and did not meet state and federal standards. Distribution mains and individual service lines experienced significant leakage of over 20 million gallons a year. The system provided inadequate volumes of water and flows for fire protection. Major elements of the project include developing a new groundwater source, replacing water mains with 6" and 8" PVC mains, construction of new gate valves, fire hydrants and appurtenances, installation of water meters.

PROJECT STATUS: Under construction, anticipated completion November 2000.

NAME OF APPLICANT	East Missoula Sewer District (Missoula County)	
PROJECT NAME	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 100,000	RRGL Grant
	\$ 408,000	CDBG Grants
	\$ 261,425	EPA Grant
	\$ 100,000	Missoula Water Quality District
	\$ 940,000	RD Grant
	\$2,053,200	RD Loan
	\$ 80,000	Missoula County
	<u>\$ 20,000</u>	Applicant's Funds
TOTAL PROJECT	\$4,482,625	

PROJECT SUMMARY: A high density of substandard individual cesspools and drainage pits are contaminating local drinking water wells resulting in health advisories and a permanent boil order issued by DEQ. The existing on-site wastewater systems have the potential to adversely impact the Missoula Valley Aquifer and the Clark Fork River. Major elements of the project as proposed included construction of a wastewater treatment system with a gravity collection service, and land disposal using spray irrigation.

PROJECT STATUS: The scope of the project was modified and the district will now connect to the City of Missoula's wastewater system. Project is in final design.

NAME OF APPLICANT	Fort Benton	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$478,324	
OTHER FUNDS	\$447,322	RRGL Loan
	<u>\$ 31,042</u>	Applicant's Funds

Governor's Budget

TOTAL PROJECT \$956,689

PROJECT SUMMARY: The Fort Benton water system had deteriorated water distribution lines, broken valves, undersized distribution lines, and no water meters, all of which contributed to low water pressure and a fire flow problems. Major elements of the project included replacing several undersized distribution lines, installing additional distribution lines, and installing 546 water meters.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Fort Peck Rural Water/Sewer District (Valley County)	
PROJECT TYPE	New Water System	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$5,800,000	Federal Appropriation
	<u>\$1,519,880</u>	SRF Loan
TOTAL PROJECT	<u>\$7,819,800</u>	

PROJECT SUMMARY: Residents of the Fort Peck Rural County Water District do not have a central public water system. They have become ill from untreated drinking water; no ongoing monitoring or disinfection of drinking water in private water tanks, cisterns, or home storage facilities; water being contaminated because of storage in individual and unsanitary cisterns. The project will include construction of a new water treatment plant, water reservoir, intake, booster station, water mains, water service lines, installation of 54 hydrants, and water meters for each residential or commercial hook-up. The project will provide new full pressurized water service to all water users in the Park Grove, Wheeler, Duck Creek, and Cabin neighborhoods; and rural residences within the district's boundaries.

PROJECT STATUS: The scope of the project was modified and the district will utilize the water treatment plant owned by the Town of Fort Peck for their source of water. The water treatment plant will be upgraded in the process. Project is under construction.

NAME OF APPLICANT	Glasgow	
PROJECT TYPE	Wastewater/Storm Drain Separation	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 56,804	Applicant's Funds
	\$ 400,000	CDBG Grant
	\$ 41,443	RRGL Grant
	<u>\$1,048,000</u>	SRF Loan
TOTAL PROJECT	<u>\$2,046,247</u>	

PROJECT SUMMARY: The Glasgow wastewater collection system had broken pipes and sinkholes in the ground above the breaks, and raw sewage was being pumped directly into the Milk River because the lift station could not handle the volume. There was also raw sewage overflowing from manholes and backing up into basements. The city had been told to correct the problem or an administrative order would be issued by DEQ. Major elements of the project included constructing a separate storm drain system. Approximately 16,700' of various sized storm drain pipes were installed, along with 70 new manholes.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Glendive	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 864,000	SRF Loan
TOTAL PROJECT	<u>\$1,364,000</u>	

PROJECT SUMMARY: There was inadequate disinfection contact time at the water treatment plant. DEQ had issued a violation notice and mandated improvements to the clear well. Major elements of the project included replacement of water supply intake structure, improving the existing clear well with baffling, and construct a new clear well for additional storage.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Hamilton	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 478,000	Applicant's Funds
	<u>\$ 400,000</u>	CDBG Grant
TOTAL PROJECT	\$ 1,378,000	

PROJECT SUMMARY: There was inadequate capacity in the existing sludge drying and composting operation to accommodate the increased loading of new connections, and the secondary clarifiers, chlorine contact basin, grit removal chamber and lift pumps had a modest amount of capacity remaining, and did not meet fire code and safety requirements. Major elements of the project included expanding the solids storage, drying and biosolids composting, chlorination and dechlorination safety improvements, and secondary clarifier system, sludge control, and ventilation improvements.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Helena	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 1,437,958	City Reserves
	\$ 641,571	City Cash
	<u>\$ 9,320,000</u>	SRF Loan
TOTAL PROJECT	\$11,899,529	

PROJECT SUMMARY: The city was not able to meet chronic toxicity requirements which has been determined to be correlated to effluent ammonia concentration. The activated biofilter (AFB) tower did not provide adequate treatment as designed. Existing secondary treatment limitations and problems identified during plant inspections included instrumentation and hydraulic deficiencies, and sludge disposal. Major elements of the project include replacing the AFB tower with a nitrification process to allow the city to adequately treat ammonia toxicity and other toxicants.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Hill Co./Box Elder Water District	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 462,000	
OTHER FUNDS	\$ 322,105	CDBG Grant
	\$ 300,000	EPA Grant
	<u>\$ 26,000</u>	Applicant's Funds
TOTAL PROJECT	\$1,110,105	

PROJECT SUMMARY: According to DEQ, raw sewage was entering the existing cell and seeping into the ground or ponding without adequate treatment. Wastewater seepage entered the ground water just three to four feet below the bottom of the lagoon pond. The area was not fenced to prevent public access. Major elements of the project included constructing a wastewater treatment facility with facultative lagoons and wetlands treatment.

Governor's Budget

Long-Range Planning Subcommittee
Treasure State Endowment Program 274

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Judith Gap	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$130,000	
OTHER FUNDS	\$325,000	RD Grant
	<u>\$325,000</u>	RD Loan
TOTAL PROJECT	<u>\$780,000</u>	

PROJECT SUMMARY: The town currently discharges raw sewage from two community septic tanks into Stevens Gulch, a state water. The wastewater is receiving little or no treatment before it is discharged. DEQ has cited the town for an illegal sewer discharge and issued a compliance schedule. The project will include construction of a total retention lagoon that will allow the town to operate without a discharge permit. The evaporative retention lagoon will be lined to ensure that no wastewater leaks will occur from the bottom of the lagoon. The new lagoon will no longer discharge wastewater.

PROJECT STATUS: Project in final design. Anticipated to begin construction in Spring 2001.

NAME OF APPLICANT	Lakeside County Water and Sewer District (Flathead County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 200,000	RRGL Loan
	\$ 400,000	SRF Loan
	<u>\$ 162,786</u>	Applicant's Funds
TOTAL PROJECT	<u>\$1,262,786</u>	

PROJECT SUMMARY: The Lakeside water system had deficiencies that resulted in low water pressure causing a fire flow problem. These deficiencies included undersized distribution lines, dead-end distribution lines, limited well production, and no water meters. Major elements of the project included replacing approximately 6,000' of existing distribution lines with eight inch lines, constructing a new high volume well, installing a meter on the original well, and installing approximately 173 meters for all users.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Lewis and Clark County	
PROJECT TYPE	Bridge	
TSEP GRANT	\$ 64,125	
OTHER FUNDS	\$192,375	Applicant's Funds
TOTAL PROJECT	<u>\$256,500</u>	

PROJECT SUMMARY: A timber bridge crossing Prickly Pear Creek had rotten curbs, loose bracing, settling of end fills, and two caps crushed one-third of their length and a third completely crushed. It required that the load limit be reduced to less than standard highway loads and was eventually closed. Major elements of the project included replacing the timber bridge with a concrete bulb tee bridge.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Miles City	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$136,000	
OTHER FUNDS	\$138,370	INTERCAP Loan
TOTAL PROJECT	<u>\$274,370</u>	
Governor's Budget		

PROJECT SUMMARY: The Miles City water distribution system had a 14" water transmission main that was broken under the Tongue River. The project replaced the broken section with a 20" water main crossing under the river.

PROJECT STATUS: Project completed, waiting for conditional closeout.

NAME OF APPLICANT	Missoula	
PROJECT TYPE	Wastewater System Improvements for the Reserve Street Neighborhood	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 100,000	Missoula WQD
	\$2,367,000	Missoula SID
	<u>\$ 200,000</u>	Applicant's Funds
TOTAL PROJECT	<u>\$3,667,000</u>	

PROJECT SUMMARY: The Reserve Street Neighborhood has a high number of substandard, antiquated cesspools and seepage pits that provide little or no treatment to protect groundwater quality. The Missoula Aquifer is extremely vulnerable to contamination by the high density and use of septic systems in the area, and is designated as a sole-source aquifer for the Missoula Valley. Major elements of the project included construction of approximately 40,640' of conventional collection mains, laterals and service lines, 204 service stubs, 133 manholes, and 11,313' of asphalt replacement.

PROJECT STATUS: Under construction, nearing completion.

NAME OF APPLICANT	Neihart	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$261,028	
OTHER FUNDS	\$100,000	RRGL Grant
	<u>\$ 6,338</u>	Applicant's Funds
TOTAL PROJECT	<u>\$367,366</u>	

PROJECT SUMMARY: Neihart's leaking water distribution system was subject to contamination from groundwater when negative water pressures occur or when the system shut down for repairs. Distribution system repairs were required by a court order. The town's water mains were installed at shallow depth and were subject to freezing. Major elements of the project included replacing approximately 6,150' of water main.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Richey	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$264,340	
OTHER FUNDS	\$ 10,000	Applicant's Funds
	<u>\$262,760</u>	CDBG Grant
TOTAL PROJECT	<u>\$537,100</u>	

PROJECT SUMMARY: Richey had very high levels of fluoride in the drinking water which can cause dental fluorosis (mottling of the permanent teeth) and skeletal fluorosis (a serious bone disorder). The drinking water also had a high sodium content. Major elements of the project included constructing a reverse osmosis water treatment plant, rehabilitating the existing water storage tank, and a pilot study to fine tune treatment plant design requirements.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Roundup	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	<u>\$1,089,000</u>	RD Loan
TOTAL PROJECT	\$1,989,000	

PROJECT SUMMARY: Roundup's lagoons were no longer large enough to dispose of the effluent by evaporation. Ponding of wastewater occurred at the surface outside of the lagoon dikes. A dike failure would have caused lagoon contents to enter the adjacent Musselshell River, which would have affected adjacent landowners, and communities downstream. The high sodium content in the wastewater could have harmed the farmland and made it useless for disposal. Major elements of the project included constructing a new aerated wastewater treatment facility, replacing the current deteriorated line, and installing a new line that meets state slope requirements for proper operation.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Terry	
PROJECT TYPE	Wastewater/Storm Drain Separation	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 572,700	RD Grant
	\$ 476,900	RD Loan
	<u>\$ 30,240</u>	Applicant's Funds
TOTAL PROJECT	\$1,579,840	

PROJECT SUMMARY: Terry's wastewater system had deficiencies which resulted in backups of sewage in basements, overflow of sewage from manholes, and potentially contaminated shallow wells. The deficiencies included: vitrified clay pipe that was cracked, broken and collapsed; wide or offset joints obstructing flow and causing plugging; a combined sanitary and storm sewer which caused the system to overload during storm events. Major elements of the project included replacing approximately 16,350' of sanitary sewer, constructing approximately 3,250' of storm drain, and installing approximately 66 manholes.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Twin Bridges	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 300,000	SRF Loan
	<u>\$ 68,500</u>	Applicant's Funds
TOTAL PROJECT	\$1,368,500	

PROJECT SUMMARY: Twin Bridges' 50,000 gallon water storage tank and water line pressures were not sufficient to provide adequate capacity to suppress a major fire event. The distribution lines were not looped, so there was the potential for contamination due to stagnant water in dead end lines. The distribution lines were too undersized to carry the required fire flow. Water flows and pressures did not meet minimum standards for daily usage and fire protection. Major elements of the project included constructing a 300,000 gallon reservoir, and a twelve inch transmission main to connect the new reservoir to the existing distribution system. Portions of the distribution system were also replaced. Both water supply wells were also improved with the addition of pressure release valves, pump control valves, flow meters, and miscellaneous piping.

Governor's Budget

Long-Range Planning Subcommittee
Treasure State Endowment Program 277

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Valier
PROJECT TYPE	Wastewater System Improvements
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 400,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 200,000 SRF Loan
TOTAL PROJECT	<u>\$1,200,000</u>

PROJECT SUMMARY: The Valier wastewater treatment facility had serious deficiencies including: accumulation of sludge in the treatment lagoon, porous soils in the bed of the treatment lagoon which allowed wastewater to percolate too rapidly, failing lagoon embankments, a single cell treatment lagoon system which did not allow continued wastewater treatment when the lagoon was dewatered for maintenance, and storm water infiltration which increased the volume of wastewater requiring treatment. Major elements of the project included removing sludge from the lagoon, constructing three cells within the existing single cell, adding aeration to the lagoons, and lining the three new aerated cells with an impermeable liner.

PROJECT STATUS: Project completed.

Projects Approved by the 1999 Legislature

Forty-one applications requesting \$15.85 million in TSEP funds were submitted for the 2001 biennium. The 1999 Legislature approved \$12.3 million in TSEP grant funds for 32 projects.

NAME OF APPLICANT	Arlee Water and Sewer District (Lake County)
PROJECT TYPE	New Wastewater System
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 400,000 CDBG Grant
	\$ 12,745 DEQ Grant
	\$ 25,000 Salish and Kootenai Tribal Grant
	\$ 11,388 Applicant's Funds
	\$ 495,000 RD Loan
	<u>\$1,142,800</u> RD Grant
TOTAL PROJECT	<u>\$2,586,933</u>

PROJECT SUMMARY: Lack of a sewage disposal and/or a public water supply system for the district's lots which are located in close proximity to each other has created the following deficiencies: increasing nitrate contamination in district wells, moratorium on new sewer installation near and in the community by the county, potential for contamination of area wells during time of drought when there is a high demand on the aquifer, and 64 Safe Drinking Water violations in eight public service establishments. Major elements of the project include constructing a wastewater collection and treatment system.

PROJECT STATUS: A management plan and the commitment of RD funds are needed to complete start up requirements. The RD commitment has been delayed due to design changes and increased project costs. RD will not commit funds until the total project cost is known, however, the commitment is anticipated to be provided shortly. The district is currently in the process of land acquisition, which is needed for a spray irrigation system that will be used to dispose of treated wastewater. Anticipated to begin construction in 2001.

NAME OF APPLICANT	Augusta Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 606,000	SRF Loan
	<u>\$ 20,000</u>	Applicant's Funds
TOTAL PROJECT	\$1,526,000	

PROJECT SUMMARY: The district's wastewater system is operating under a DEQ recommended moratorium on new hookups since it has several deficiencies including: inadequate in size, lagoon leaks excessively, no MPDES discharge permit even though there is a discharge line, has accumulated 1.5' of sludge, no room for expansion, substandard sewer line extensions, and sewer mains with less than desirable slopes. Major elements of the project include replacing the existing single cell lagoon with a new total retention treatment facility, and replacing substandard sewer main extensions and connections.

PROJECT STATUS: A management plan and the commitment of the SRF loan are needed to complete start up requirements. The CDBG funds have been awarded. The district passed the bond election and is working on completing the loan agreement with SRF. The project manager and engineer have been retained and the project is in final design.

NAME OF APPLICANT	Big Timber	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 35,400	Applicant's Funds
	\$ 401,485	SRF Loan
	\$ 398,465	Mine Impact
	<u>\$ 350,000</u>	STAG Grant
TOTAL PROJECT	\$2,085,350	

PROJECT SUMMARY: The city's wastewater system has several deficiencies including: the sewage lagoon is severely leaking (70 percent leakage), high nitrates in an observation well, the lagoon's aeration systems are inadequate and cannot properly treat the wastewater, deteriorated sewage collection pipes, and three BOD and TSS violations of the discharge permit prior to 1995, and ten additional violations since 1995. Major elements of the project include constructing a new three cell aerated lagoon, with new hydraulic structures, and a new synthetic lagoon liner. The project also includes constructing lift stations to state standards and setting priorities for replacement of sewer lines.

PROJECT STATUS: Final design is being reviewed by DEQ.

NAME OF APPLICANT	Boulder	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$1,294,000	RRGL Loan
	<u>\$ 10,000</u>	Applicant's Funds
TOTAL PROJECT	\$2,304,000	

PROJECT SUMMARY: Boulder's water system has the following deficiencies: drinking water exceeds the standards of the EPA Lead and Copper Rule, deteriorated steel distribution mains lose 40 percent of the pumped water due to leakage resulting in summer water shortages, undersized distribution mains result in inadequate fire flows, the system cannot accurately measure total water usage, and dead end distribution

mains. Major elements of the project included installing corrosion control treatment equipment at each well, replacing approximately 30,000' of distribution main and gate valves, hydrants, fittings, and service lines, and installing water meters at each well so the town can accurately measure the system's total usage.

PROJECT STATUS: Project completed, waiting for conditional closeout.

NAME OF APPLICANT	Chester
PROJECT TYPE	Water System Improvements
TSEP GRANT	\$ 220,150
OTHER FUNDS	\$ 13,700 Applicant's Funds
	<u>\$ 207,300</u> EDA Grant
TOTAL PROJECT	\$ 441,150

PROJECT SUMMARY: The town's water system has several deficiencies including: no control system for the water treatment plan, inadequate water pressure (less than 20 psi) and inadequate fire protection, dead end and undersized mains, health hazards from possible reverse flows, portions of the distribution system are prone to freeze-ups, and water service connections made of lead. Major elements of the project include replacing inadequate water mains and service connections, constructing water hydrants, and installing a control system at the water treatment plant.

PROJECT STATUS: Only start up requirement completed is contract. EDA has not yet committed funds.

NAME OF APPLICANT	Columbia Falls
PROJECT TYPE	Wastewater System Improvements
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 100,000 RRGL Grant
	<u>\$2,677,000</u> SRF Loan
TOTAL PROJECT	\$3,277,000

PROJECT SUMMARY: The city's wastewater treatment plant has several deficiencies including: sludge storage basin leaks significantly (333 gpd) and, if repaired, the basin will not have sufficient capacity; sludge storage basin difficult to empty; treatment process degraded by foaming caused by microthrix bacteria; aeration basin chlorination system cannot be used in cold weather; digester cannot be aerated due to foaming, which prevents the sludge from being properly stabilized; feed system for phosphorous removal is not flow paced, occasionally fails, and does not have a backup; return activated sludge pumps are oversized, which limits efficient sludge management; and city is running out of access to land in order to continue sub-surface sludge injection. Major elements of the project include adding sludge dewatering facilities, a new sludge storage pad, a new digester, improving the chlorine facility, adding flow capacity for the alum feed pumps, replacing the controls for lift station four and replacing lift station five.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Corvallis Sewer District (Ravalli County)
PROJECT TYPE	Wastewater System Improvements
TSEP GRANT	\$ 410,760
OTHER FUNDS	\$ 100,000 RRGL Grant
	\$ 351,000 SRF Loan
	\$ 400,000 CDBG Grant
	<u>\$ 10,000</u> EPA Grant
TOTAL PROJECT	\$1,271,760

PROJECT SUMMARY: Corvallis wastewater treatment facility has several deficiencies including: facility is experiencing hydraulic and organic loading significantly beyond its design potential, accumulated solids in Governor's Budget

both treatment cells, problems with aeration equipment, facility is causing nitrate contamination in the groundwater, and DEQ has warned Corvallis that continued exceedences in nitrate contamination could result in state enforcement. Major elements of the project include replacing the existing aeration system with static tube diffusers, increasing the power of two blowers, removing accumulated sludge, constructing an additional lagoon cell for treatment and storage, constructing a wetlands for nitrogen removal, and expanding the I/P beds.

PROJECT STATUS: Project is in final design.

NAME OF APPLICANT	Cut Bank	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 100,000	RRGL Grant
	\$2,304,000	SRF Loan
	<u>\$ 22,500</u>	Applicant's Funds
TOTAL PROJECT	\$2,926,500	

PROJECT SUMMARY: The city's water system deficiencies include: at least one intake pipe is plugged and one is broken leaving only one pipe to collect water for the city; no raw water storage to provide uninterrupted clean water when agricultural waste upstream from Cut Bank is washed into the creek and contaminates the city's source of water; one part of the distribution system has undersized water lines resulting in very low water pressure and nearly non-existent fire flows during irrigation season; a one million gallon reinforced concrete water storage tank is deteriorating and is in danger of the roof collapsing; a one million gallon steel standpipe has features that cause extremely low water pressure in the "booster district;" and a severely deteriorated distribution system. Major elements of the project include constructing a 63 million gallon raw water reservoir, rehabilitating the intake structure, replacing the existing treatment plant clarifier, providing standby power, updating plant controls, constructing upper loop distribution main, constructing a new concrete tank and rehabilitating the existing one, rehabilitating the booster station and repairing the standpipe.

PROJECT STATUS: Start up requirements have been completed, but the notice to proceed has not been given due to potential changes in the scope of the project. The project engineer retained by the city determined that the original construction estimates were likely too low. As a result of increased construction costs, the city has proposed to substantially reduce the scope of the project. However, city has not yet submitted a proposal to the department detailing what those changes would be. The department is expecting to provide that information to the Long-Range Planning Subcommittee for their consideration.

NAME OF APPLICANT	Denton	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 415,000	
OTHER FUNDS	\$ 100,000	RRGL Grant
	\$ 231,000	SRF Loan
	\$ 12,000	EPA Grant
	\$ 7,500	CDBG Grant
	<u>\$ 7,300</u>	Applicant's funds
TOTAL PROJECT	\$ 772,800	

PROJECT SUMMARY: The town's wastewater treatment system has the following deficiencies: inadequate treatment lagoon volume, the lagoon has severe erosion along interior dikes, the lagoon performance is limited by the single cell facility, a significant volume of sludge has accumulated in the treatment lagoon, and BOD and fecal coliform discharge violations. Major elements of the project include constructing a three cell facultative lagoon system.

PROJECT STATUS: Under construction.
Governor's Budget

NAME OF APPLICANT	Drummond	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 292,850	
OTHER FUNDS	\$ 148,600	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 10,175	EPA Grant
	\$ 37,075	SRF Loan
TOTAL PROJECT	\$ 588,700	

PROJECT SUMMARY: Drummond's wastewater system has several deficiencies including: the 1.5 mile outfall line picks up to 0.3 mgd of infiltration and inflow at times during the year, the existing inlet line is leaking causing short-circuiting, and only half of the lagoon cell is effectively used. Major elements of the project include replacing the 1.5 mile outfall line to the existing lift station and constructing a new inlet manhole at the northeast corner of the lagoon.

PROJECT STATUS: Project is in final design.

NAME OF APPLICANT	Ekalaka	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 87,200	
OTHER FUNDS	\$ 65,400	RD Grant
	\$ 21,800	RD Loan
	\$ 4,000	Applicant's Funds
TOTAL PROJECT	\$ 178,400	

PROJECT SUMMARY. The town's wastewater collection system has two main deficiencies including: a shallow sewer main over a culvert pipe that freezes resulting in raw sewage backing up into residential basements and a section of sewer main that is very flat and has displaced joints that results in plugging and raw sewage backing up into residential basements. Major elements of the project include replacing 1,872' of sewer main.

PROJECT STATUS. A management plan and the commitment of the RD funds are required to meet start up requirements. RD will not commit funds until the total project cost is known. The town has retained a project engineer and is beginning the final design process. Anticipated to begin construction in 2001.

NAME OF APPLICANT	Elk Meadows Ranchettes Water District (Missoula County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 210,000	
OTHER FUNDS	\$ 200,000	SRF Loan/G.O. Bond
	\$ 100,000	RRGL Grant
	\$ 41,542	Applicant's Funds
TOTAL PROJECT	\$ 551,542	

PROJECT SUMMARY: The district's water system has numerous deficiencies including: water storage capacity is grossly undersized for adequate storage for fire flow and maximum daily use; no storage capacity available during high demand periods; undersized mains; dead-end water lines; insufficient hydrant assemblies; lack of booster pumping backup capability; lack of emergency power; lack of disinfection capability; uncontrolled use of water (lack of water meters); zones of unusually high and low pressure surges; unreliable pump and tank controls; low ph, two of the wells are considered to be in the high risk category for the DEQ "under influence of surface water" regulations and require analysis for giardia, cryptosporidium and other disease organisms; and water rationing has been necessary. Major elements of the project include constructing additional storage capacity, two new wells to provide adequate water supply and protection from surface water contamination, piping and pumping, telemetric

Governor's Budget

improvements at the booster stations, an additional distribution line to loop the system, installing additional fire hydrants, replacing undersized water mains, installing water meters, constructing a chlorination housing and piping at the lower booster station, and installing a standby generator system.

PROJECT STATUS: Only the RRGL funds are needed to complete the start up requirements. The district has applied for a RRGL grant to the 2001 Legislature. The district has completed final design and the construction of two supply wells and a water storage tank with funding from SRF and the district.

NAME OF APPLICANT	Geraldine	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 300,000	
OTHER FUNDS	\$ 315,346	CDBG Grant
	\$ 50,000	RRGL Grant
	\$ 220,000	SRF Loan
	\$ 5,200	Applicant's Funds
TOTAL PROJECT	\$ 890,546	

PROJECT SUMMARY: Geraldine's wastewater treatment system has the following deficiencies: inadequate lagoon volume, lagoon has severe erosion along interior dikes, discharge structure is deteriorated beyond simple repair, no primary flow measuring device, lagoon operation and performance limited by having only a single cell facility, a significant volume of sludge has accumulated in the treatment cells which is adversely affecting the treatment process, and fencing is needed to prevent access to the site by the public. Major elements of the project include constructing an additional treatment cell and installing a wind-driven mixer, new piping and discharge structures, rehabilitating an existing cell including removal of sludge, restoring dike slopes and installing a synthetic liner. A television inspection program involving cleaning, TV taping and a summary report would also be completed to assist in the implementation of Phase II of the town's CIP to address long-term wastewater collection needs.

PROJECT STATUS: Project in final design. Anticipated to begin construction Spring/Summer 2001

NAME OF APPLICANT	Glasgow	
PROJECT TYPE	Wastewater System Improvements (Sewer/Storm Drainage Separation)	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 995,000	SRF Loan
	\$ 16,500	Applicant's funds
TOTAL PROJECT	\$2,011,500	

PROJECT SUMMARY: The city's sanitary sewage collection system also served as a storm drainage collection system for 270 acres of the city. During storm events, raw sewage backed up into basements of local residences and businesses and overflowed into the Milk River. Major elements of the project included constructing approximately 11,000' of new storm drains and new retention basins serving the north side of Glasgow.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Harlem	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 179,311	
OTHER FUNDS	\$ 179,311	CDBG Grant
	\$ 29,500	Applicant's Funds
TOTAL PROJECT	\$ 388,122	
Governor's Budget		

PROJECT SUMMARY: The city's water system has several deficiencies including: the river bank must be stabilized in order to maintain the water intake structure; the cast iron water line between the river and storage ponds has numerous cracks due to freezing; an old and obsolete water plant telemetry system no longer has replacement parts available; treatment vessels in the water treatment plant are showing signs of rust; and water filter media needs to be replaced in the water treatment plant. Major elements of the project include replacing piping to the settling ponds, installing piping at the ponds to be operated in series and parallel, rip-rap the river bank around the intake piping, replacing the piping scheme from the raw water pumps to the flocculator with control panel upgrades, sand blasting and painting the flocculator and filters, replacing the filter media, and installing a new telemetry system.

PROJECT STATUS: Only start up requirement completed is the TSEP contract. Waiting to find out if there will be sufficient TSEP funds available for project. Will apply for CDBG funds in May 2001. Anticipated to begin construction in Summer 2002.

NAME OF APPLICANT	Harrison Water and Sewer District (Madison County)
PROJECT TYPE	New Wastewater System
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 100,000 RRGL Grant
	\$ 341,200 DEQ Hardship Grant
	\$ 453,800 RD Grant
	<u>\$ 322,500</u> RD Loan
TOTAL PROJECT	\$1,717,500

PROJECT SUMMARY: The Community of Harrison is situated near Willow Creek, with a groundwater table that rises to within 1' to 4' of the surface. This situation has caused some on-site treatment systems to fail. The Madison County sanitarian has placed a moratorium on any new on-site systems. In addition, the local elementary school has been placed under a State order to improve, or replace, its current wastewater treatment system (multiple septic tanks and drain fields) or connect to a municipal system. Harrison is ranked number one on the DEQ priority list for corrective action. Major elements of the project include abandoning the existing on-site septic tank/drain field systems and replacing them with a conventional gravity (8" minimum diameter pipes with manholes) collection system. The collection system will flow to a lift station at which point the sewage will be pumped to two facultative storage lagoons. The treated effluent will be discharged using spray irrigation in the summer months.

PROJECT STATUS: Under construction. Anticipated completion November 2000.

NAME OF APPLICANT	Havre
PROJECT TYPE	Water System Improvements
TSEP GRANT	\$ 303,747
OTHER FUNDS	\$ 770,000 EDA Grant
	<u>\$ 390,372</u> Applicant's Funds
TOTAL PROJECT	\$1,464,119

PROJECT SUMMARY: The city's water system has one major deficiency: considerable leakage in the lead joints of the single 16" transmission main. Major elements of the project include replacing the 16" water main from 6th Avenue West to Montana Avenue.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Helena	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 1,250,000	SRF Loan
	<u>\$3,074,438</u>	Applicant's Funds
TOTAL PROJECT	<u>\$4,824,438</u>	

PROJECT SUMMARY: The city's water system has several deficiencies including: water distribution improvements are needed on the east side of the city, inadequate water storage prevents new development and limits water use on the east side of the city, and fire flow improvements are needed. Major elements of the project include constructing a new pumping and distribution network, a new reservoir on the east side of the city, and a new clear well and pumping station to address inadequate fire flows and water pressures on the east side of the city.

PROJECT STATUS: Final design completed. Construction expected to begin late 2000 or early 2001.

NAME OF APPLICANT	Highwood Water and Sewer District (Chouteau County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 400,000	
OTHER FUNDS	\$ 360,000	CDBG Grant
	\$ 34,500	SRF Loan
	<u>\$ 9,000</u>	Applicant's Funds
TOTAL PROJECT	<u>\$ 803,560</u>	

PROJECT SUMMARY: The district's water system has numerous deficiencies including: lead concentrations that exceed the EPA's Lead and Copper Rule, negative system pressures, inadequate chlorine contact time, source development and treatment does not meet state standards, no fire protection, inadequate valving and looping, aged and deteriorating mains and services, and no water meters on the supply and individual services. Major elements of the project include replacing much of the distribution system, looping most of the dead-ends, replacing lead service lines, adding fire hydrants, constructing an adequate water tank, and upgrading existing well controls.

PROJECT STATUS: Project in final design.

NAME OF APPLICANT	LaCasa Grande Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 100,000	RRGL Grant
	<u>\$ 445,000</u>	SRF Loan
TOTAL PROJECT	<u>\$1,045,000</u>	

PROJECT SUMMARY: The existing water system is owned and operated by a private company. The district has not been able to negotiate an agreement with the owner of the existing system either to improve the system or to transfer ownership of the system to the district. The private water system has the following deficiencies: fire protection is at a minimum. The local volunteer fire department does not recognize the current water system as a useable source for fire suppression due to low water pressure, the four wells currently being utilized provide an inadequate water supply to satisfy water use demands, and lack of water prevents lawns from being irrigated to mitigate the lead contamination from the ASARCO lead smelter, thus creating a potential adverse health impact to children. Major elements of the project include constructing a new water storage tank, fire hydrants, water mains, and water services.

PROJECT STATUS: Start up requirements have not been completed. The district is currently negotiating with the current system owner in order to purchase the existing system and eliminate potential legal and right-of-Governor's Budget

way problems. The only portion of the existing system that is expected to be used in the new system is a well.

NAME OF APPLICANT	Lewis and Clark County
PROJECT TYPE	Bridges
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 665,985 Applicant's Funds
TOTAL PROJECT	<u>\$1,165,985</u>

PROJECT SUMMARY: The county identified six bridges that were in critical need of reconstruction. On three of the bridge projects, the major elements included constructing five-27" deep pre-stressed concrete tri-deck beams on the existing reinforced concrete spread footings. On two of the bridge projects, the major elements included constructing five-27" pre-stressed concrete tri-deck beams set on a driven pile with a concrete cap foundation. The sixth bridge project included constructing five-47" deep pre-stressed concrete bulb tee beams set on a driven pile with a concrete cap foundation.

PROJECT STATUS: Project completed.

NAME OF APPLICANT	Midvale Water and Sewer District (Lincoln County)
PROJECT TYPE	Water System Improvements
TSEP GRANT	\$ 374,720
OTHER FUNDS	\$ 465,534 RD Loan
TOTAL PROJECT	<u>\$ 840,254</u>

PROJECT SUMMARY: The water system is currently privately owned and has several deficiencies including: undersized water mains creating flow restrictions and inadequate water supply for domestic use and fire protection, inequitable user rates (all users pay a flat rate), and the private owner has failed to make adequate investments in system improvements. Major elements of the project include purchasing the existing water system, replacing undersized water mains, and installing water meters.

PROJECT STATUS: The district is waiting to find out if there will be sufficient TSEP funds available for the project. RD has already obligated a loan in order to purchase the existing private system and make improvements. If TSEP funds do not become available, the scope of the project would be reduced and only critical improvements would be made to the system.

NAME OF APPLICANT	Missoula
PROJECT TYPE	Wastewater System Improvements
TSEP GRANT	\$ 500,000
OTHER FUNDS	\$ 100,000 RRGL Grant
	\$1,770,257 City Bond
	\$2,700,000 SRF Loan (City SID)
	<u>\$ 150,000</u> Missoula Water Quality District Grant
TOTAL PROJECT	<u>\$5,220,257</u>

PROJECT SUMMARY: The Missoula Valley Aquifer is the city's only source of drinking water and according to current research, it is extremely vulnerable to contamination. Therefore, protecting valuable water resources is a high priority for the city. The Missoula Valley Water Quality District conducted a study of eight high density, unsewered areas to evaluate the need for connection of homes and businesses to sewage treatment facilities. Based on all of the factors considered, the East Reserve Street area represents the most significant threat to water quality and public health. With 26 percent of the total unsewered units in the one area, the total loading to groundwater is higher than in any other area. The proposed project is Phase II and III of a three-phase project. Major elements of the project include eliminating individual septic tanks and constructing sewer collection lines in the East Reserve Street area.

Governor's Budget

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Philipsburg	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 121,900	
OTHER FUNDS	\$ 400,000	CDBG Grant
	<u>\$ 200,000</u>	SRF Loan
TOTAL PROJECT	<u>\$ 721,900</u>	

PROJECT SUMMARY: Philipsburg's only water source, Fred Burr Lake, has highly corrosive water which results in high levels of both lead and copper in the water distribution system, in violation of the EPA Lead and Copper Rule. The major elements of the project include developing a well to blend groundwater with the water from Fred Burr Lake in order to accomplish a reduction of lead and copper levels in the distribution system. The new groundwater well will also provide the town with a backup water source, in the event the Fred Burr Lake water supply is interrupted or if the town's waiver for filtration of a surface water supply is lost.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Rae Water and Sewer District (Gallatin County)	
PROJECT TYPE	Wastewater Treatment System	
TSEP GRANT	\$ 485,850	
OTHER FUNDS	\$ 121,099	Applicant's Funds
	\$ 372,927	CDBG Grant
	\$ 100,000	RRGL Grant
	<u>\$ 200,000</u>	SRF Loan
TOTAL PROJECT	<u>\$1,279,876</u>	

PROJECT SUMMARY: The district has nowhere to discharge its wastewater effluent and it has excessive leakage from its lagoons. The major elements of the project include constructing a sequencing batch reactor treatment system with treated water discharged directly to groundwater.

PROJECT STATUS: Project in final design. Anticipated to begin construction Spring 2001.

NAME OF APPLICANT	Red Lodge	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 125,000	Applicant's Funds
	<u>\$4,284,000</u>	RD Loan
TOTAL PROJECT	<u>\$4,909,000</u>	

PROJECT SUMMARY: The city's wastewater system has several deficiencies including: DEQ has prohibited expansion beyond the existing approved hookups without improvements to the treatment facility if it means potential degradation of Rock Creek; lagoon ponds are at capacity and incapable of meeting new non-degradation regulations beyond current levels; cells are unlined resulting in a 30 to 50 percent loss of effluent to the subsurface; cells are undersized for current flows; lagoon discharges into an open drainage ditch which runs through private property; and infiltration and inflow affects efficient treatment of waste at the lagoons. Major elements of the project include lining and adding aeration to the lagoons, installing an outfall line to Rock Creek, and installing new storm water collection laterals in the downtown area drainage east of the existing Haggin storm drain.

PROJECT STATUS: Final design is being reviewed by DEQ. Construction anticipated to begin early in 2001.

NAME OF APPLICANT	Richland County	
PROJECT TYPE	Bridges	
TSEP GRANT	\$ 181,155	
OTHER FUNDS	\$ 181,155	Applicant's Funds
TOTAL PROJECT	\$ 362,310	

PROJECT SUMMARY: Two of the county's bridges do not have the structural capacity to support modern day modes of transportation, including farm and oil field equipment that can weigh up to 40 tons, nor do these structures meet the county's dimensional standards. The major elements of the projects include extracting and salvaging the existing substructures in order to preserve their historical significance, and installing new pile supported concrete substructures and pre-cast concrete decks.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Shelby	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 400,000	
OTHER FUNDS	\$ 41,100	Applicant's Funds
	\$ 400,000	SRF Loan
TOTAL PROJECT	\$ 841,100	

PROJECT SUMMARY: The city's water system has several deficiencies including: deteriorating cast iron and asbestos cement water mains that have developed many breaks and leaks, and inadequate water pressure and volume due to small (4") water lines which affects all water users and prevents adequate fire flow. Major elements of the project include replacing or installing all 4" lines with 6" PVC pipe, replacing all 6" cast iron and asbestos cements lines with PVC pipe (a total of 9,722'), 45 - 4" street crossing lines, and 18 faulty fire hydrants.

PROJECT STATUS: Waiting to find out if there will be sufficient TSEP funds available for project. The city has applied for TSEP funding from the 2001 Legislature (see project 26).

NAME OF APPLICANT	South Hills Water and Sewer District (Yellowstone County)	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 100,000	Applicant's Funds
	\$ 435,000	SRF Loan
TOTAL PROJECT	\$1,035,000	

PROJECT SUMMARY: The South Hills water system has the following deficiencies: noncompliance with the Montana Public Water Supply Act, failure to use approved surface water treatment techniques, and inadequate water filtration. Major elements of the project include installing a membrane filtration plant and disinfection facilities.

PROJECT STATUS: Project has been modified, whereby the district will join the Cedar Park Water and Sewer District to construct a pipeline that would transport water from the Billings water treatment plant. The total cost of the project is estimated at \$3,100,000. The new water line would serve this area which is south of Billings. The new design was strongly encouraged by DEQ and is a better long-term solution. The district is in the process of obtaining the commitment of other funds through a new bond election that includes both districts. Anticipated to begin construction in Summer 2001.

NAME OF APPLICANT	Sweetgrass Community Water and Sewer District (Toole County)	
PROJECT TYPE	Wastewater System Improvements	
TSEP GRANT	\$ 213,000	
	\$ 260,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 70,000	SRF Loan
	\$ 2,500	Toole County
	\$ 7,500	Applicant's Funds
TOTAL PROJECT	<u>\$ 653,000</u>	

PROJECT SUMMARY: The wastewater treatment system has the following deficiencies: system has only one treatment lagoon while state standards require a minimum of two, inlet design violates state standards, and seepage rate is in violation of state standard of 6" a year. Major elements of the project include expanding the lagoon system to two cells, adding a new inlet, and relining an existing lagoon cell to prevent leakage.

PROJECT STATUS: A management plan and the commitment of the SRF loan is required to meet start up requirements. The district anticipates completing these requirements shortly. The district is beginning the final design process and anticipates beginning construction in Spring 2001.

NAME OF APPLICANT	Thompson Falls	
PROJECT TYPE	Water System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 370,000	RD Grant
	\$1,301,300	RD Loan
	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
TOTAL PROJECT	<u>\$2,671,300</u>	

PROJECT SUMMARY: The city's water system has to following deficiencies: an DEQ directive to filter the surface water source, well number two has elevated levels of iron and manganese, inadequate water pressure and fire flows due to undersized water mains and lack of looping, and distribution system has excessive water loss. Major elements of the project include installing an intake structure at the spring, either redeveloping well number two or constructing a new well, evaluating the distribution system for leakage, and replacing water mains to improve fire protection and reduce water loss.

PROJECT STATUS: Under construction.

NAME OF APPLICANT	Willow Creek Sewer District (Gallatin County)	
TYPE OF PROJECT	Wastewater System Improvements	
TSEP GRANT	\$ 500,000	
OTHER FUNDS	\$ 283,000	RD Grant
	\$ 250,400	RD Loan
	\$ 5,000	Applicant's Funds
TOTAL PROJECT	<u>\$1,038,000</u>	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: The treatment system has outgrown the capacity of its treatment system which is now frequently overloaded, raw or partially treated wastewater is discharged from the plant resulting in a built up of sludge in a drainage ditch that leads from the treatment plant to the Jefferson River. Major elements of the project include constructing a lagoon treatment system.

PROJECT STATUS: Only the commitment of RD funds is needed to complete start up requirements. The RD commitment has been delayed because the total project cost is unknown at this time. Failed negotiations Governor's Budget

to purchase land for the lagoon resulted in the district requesting the City of Three Forks to hook up to their wastewater treatment facility. This request was put to a vote and denied. As a result, the district is attempting once again to negotiate to obtain land for the lagoon. Three appraisals have been obtained and the district is in the process of creating an agreement that would be satisfactory to the land owner.

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